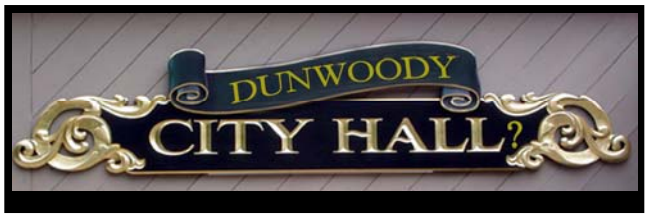
Fiscal Analysis – Phase One

Estimated Revenue and Expenditures

for

A Proposed City of Dunwoody, Georgia



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Chapter 1
Executive Summary

The purpose of this report is to determine whether the area of Dunwoody would be fiscally feasible were it to become a city. We define fiscal feasibility as a community being able to provide a defined level of service while not increasing their overall tax burdens. By having an appreciation of fiscal feasibility, community leaders and the public can make more educated assessments of the costs and benefits of incorporation and ultimately decide whether to incorporate. Although revenues and expenditures are not the only consideration in deciding to become a city, they are the sole focus of this report. Furthermore, the results of the analysis presented in this report should not be construed as an opinion by the Institute of Government on whether a community should incorporate. This critical decision belongs to the citizens of Northern DeKalb County.

To determine feasibility, we estimated this community's potential revenues and expenditures using two different methodologies. Because the methodologies and their inherent assumptions naturally result in different cost figures, we have developed a range of potential expenditures, rather than a single set figure. We believe that providing a range of expenditures and explaining the assumptions that underlie them will be far more useful than attempting to specify a single cost figure as an accurate prediction of the feasibility of a city not yet created and of decisions by city officials not yet elected. Furthermore, the range of expenditures will allow the citizens of Dunwoody to better understand how the levels of services correspond to cost. Because the cost figures are ultimately based on assumptions and a reality that does not currently exist, they cannot be seen as inevitable or fact, merely our best educated estimates. The true cost of incorporation can only be known after it occurs and depends on the choices made by the elected leadership, public employees, potential contractors, and citizens.

For persons who have read previous drafts of this report, you will find slight differences in revenue line-items and expenditures which are due to boundary adjustments for the proposed city of Dunwoody. The boundary used in this report now reflects what was proposed in legislation (SB 568).

In Chapters 4 and 5, we estimate the operating expenditures for the proposed city of Dunwoody with each chapter representing a different estimation methodology.

- **Method 1**: Estimate likely expenditures based on an analysis of the budgets of cities of a comparable size. Assumption: The new city will act in a similar manner to cities in Georgia of a comparable size.
- **Method 2**: Estimate likely expenditures assuming efficiency and effectiveness equivalent to a measured level of performance. Estimate costs using two performance levels: basic and enhanced. Assumption: The new city will act in a similar manner to communities whose performance represents a high or "benchmark" level.

Please note that we are not including an examination of DeKalb County's expenditures in the Dunwoody area. Though important, time and data limitations prevented such an assessment. Because the Institute of Government did not have information on the services DeKalb County

provides and their related costs, we cannot make comparisons between our expenditure estimates and current conditions.

The above approaches have their own strengths and weaknesses. By combining the results of the two methods, we provide a range of expenditure estimates that we believe is likely to be more realistic than the outcome of only one of these analytical methods. Although each of these methodologies presents different strengths and weaknesses, as a composite they permit the reader to consciously evaluate the fiscal feasibility of incorporation.

By using the current expenditures of comparable Georgia cities, we are assuming that the potential city of Dunwoody will behave similarly to its neighbors. Because the comparable cities have similar demographics and are located in the Atlanta Metropolitan area, their key operational costs (i.e., employee base and salaries) are likely to be similar as well. Although these communities are close to North DeKalb County, the latter's residents may not fully know the quality and level of services the comparable cities provide, making more difficult 1) an appreciation of these expenditures and 2) personal comparisons to the services they currently receive from DeKalb County.

For some services, the per capita expenditures are quite high in our Georgia Comparison Cities, reflecting the values citizens place on those services. For example, Peachtree City spent nearly $84 per capita on Parks and Recreation services in 2004 (operating only) while the other two comparison cities, Kennesaw and Duluth spent $46.48 and $35.00, respectively. Yet in Duluth, the citizens decided to devote substantial resources to public safety, spending $171 per capita for the police department. By focusing on expenditures, we are inherently assuming a direct, positive relationship between service *quality* and service *cost*. Furthermore, the services provided in the Georgia Comparison Communities may be higher or lower quality or more or less expensive than Dekalb County currently offer Dunwoody residents.

To overcome this lack of quantified data on service quality in the comparable cities methodology, the second methodology estimates expenditures from performance benchmarks. These benchmarks include measures for effectiveness and efficiency developed by the Carl Vinson Institute of Government and the International City/County Managers Association (ICMA). ICMA's benchmark study provides data for a large number of communities across the country. These data are unusual in that performance benchmarks consistently used across jurisdictions are difficult to find. Many jurisdictions create their own measures for internal or community evaluation, limiting inter-jurisdictional comparisons.

With the benchmark data we have measured levels of service for the majority of services, there are limits to this methodology as well. First, by using an existing database we are limited to the data collected, which may or may not include an "ideal" measure of performance. That said, we did have dozens of measures from which to choose from and in the case of police service, we created our own performance benchmarks. As a national database, there are limits in regards to the comparability of communities (in this case communities participating in ICMA benchmarking program and Dunwoody). To overcome this limitation we either selected communities that are similar to Dunwoody in terms of geography and cost of living and/or we relied on a nationwide sample of communities. Furthermore, some service delivery costs are

very site specific. For example, park acreage is only one of a myriad of factors (e.g., facilities, snow and rainfall, usage, and even foliage) that determine the costs associated with park maintenance. Finally, these estimates are based on existing local government programs and do not account for a "learning curve" or reduced initial efficiencies that naturally occur with any new program.

Chapter 6 estimates the start-up and on-going capital costs for the proposed city. Start-up capital includes expenditures needed to create an infrastructure base in which to supply services. Even if the jurisdiction decides to contract out production of services, the costs must be included because the contractor should be expected to recoup these costs through the contract. We divide start-up capital into two categories 1) land, facilities, and equipment used to house and support government officials and employees who provide services; and 2) the land and facilities required to directly serve the residents. Category one includes not only support staff functions such as the finance department, information technology, and the city council but also the police department because the police precinct facility houses personnel who provide services to the public. The second category includes recreation facilities. Finally, the start-up capital includes the current financial match required by DeKalb County for road construction in the Dunwoody area.

After their initial investment, the new city will need to continually reinvest in its capital. In the comparable cities and benchmark methodologies, the operating expenditures exclude capital. Therefore, we add estimates of annual capital costs to maintain buildings, purchase major equipment, and road construction. Of course, capital expenditures will vary greatly from year to year but excluding all such costs could lead to significant underinvestment of capital. Our estimation methodology avoids this potential pitfall by providing a baseline expense for this investment.

Since the feasibility definition limits revenues to current tax rates and charges, we calculate relatively conservative revenue projections for the proposed city Dunwoody (see Chapter 7). We estimated revenues based on the taxes and charges collected in the designated services district/fund. Furthermore, we calculated potential franchise fee revenue based on similar revenue collections from our comparable cities.

Table 1.1 presents the estimated expenditures by service category for the comparison cities, and the two benchmark scenarios. These methodologies and the calculations executed to arrive at the estimates are more fully explained throughout the report. The differences in per capita costs reflect the levels of service within the different methods and the assumptions that underlie them.

Please note that the expenditures categories differ somewhat between the Comparison Cities and Benchmark scenarios. The former lists categories as given by the Georgia Department of Community Affairs (DCA) while the latter are more detailed, particularly for administrative costs. To help with comparisons, Human Services, Purchasing, and Risk Management expenditures from the Benchmark methodology have been combined with General Government Administration. However, some of these costs as well tax collection and insurance could be included in the "Other Expenditures" that DCA provides. For facilities management, the comparison cities could account for some these costs, such as utilities and custodial, within the direct service departments. When the all the administrative/support costs are added (i.e., general government buildings through other expenditures) the costs among the three scenarios are

summed, the costs range from al low of $69 per capita for the basic benchmark to a high of $87[1] per capita for the comparison cities average. The enhanced benchmark was in between the two at $75 per capita.

Table 1.1: Estimated Per Capita Dunwoody Expenditures by Service[2]

Expenditure Category	Comparison Cities Average	Basic Benchmark Scenario	Enhanced Benchmark Scenario
Highways and Streets/Drainage	$59	$40	$58
Police Department/Jail	$129	$59	$86
Jail	$8	$0	$0
Parks and Recreation	$55	$26	$41
Community Development (Code Enforcement, Plan Review)	$13	$11	$11
Building Inspection & Regulation	$15	$9	$9
Municipal Court	$8	$8	$8
General Government Buildings (Facilities Mgt: utilities, repair, custodial)	$4	$15	$15
Tax Collection	$0	$1	$1
Fleet Management	$0	$1	$2
Financial Administration	$8	$13	$13
General Administration and Support	$53	$27	$27
Insurance	$0	$10	$13
Legal	$2	$2	$3
Other Expenditures[3]	$20	$0	$0

Some of the more interesting comparisons come from the direct service departments and in particular public works, police, and parks and recreation. The public works expenditures between the comparison cities and enhanced benchmark scenario were fairly close they are developed differently. The police department shows a wide variance with the comparison cities being substantially higher than the benchmark scenarios. The former cost is primarily driven by the City of Duluth, which spends $171 per capita annually for police protection. Similarly, the comparison cities average expenditure is much higher than the basic benchmark; however the community raising this average is Kennesaw at $85 dollars per capita. The variances demonstrate the importance in understanding the city-specific costs behind the average for the Comparison Cities methodology and we refer you to Chapter 4 for further discussion.

[1] Peachtree City includes jail expenditures in the General Administration and Support category, which explains part of the difference between the Comparable Cities and Benchmark methodologies.
[2] Differences between these per capita costs for the benchmark methodology and those presented later are due to rounding
[3] Comparison communities did not list a separate expenditure for insurance, tax collection, or fleet maintenance

Table 1.2 presents the reconciliation, by methodology, the estimated expenditures, both operating and capital, and revenues for the proposed city of Dunwoody. As explained above, the differing costs demonstrate the range of expenditures the city could foresee based on the kinds and levels of services offered and the degree of efficiency the organization attains.

Table 1.2: Dunwoody Summary of Estimated Annual Operational and Start Up and On-Going Capital Costs

	Georgia Comparison Cities	Per Capita	Basic Benchmark Scenario	Per Capita	Enhanced Benchmark Scenario	Per Capita
Operational Costs	$14,705,306	$374	$8,659,223	$220	$11,169,348	$284
Start-up Capital Costs	$2,033,836	$52	$1,968,329	$50	$2,033,836	$52
On-Going Capital Costs	$2,573,429	$65	$1,515,354	$39	$1,303,683	$33
Total Estimated Expenditures	**$19,312,571**	**$491**	**$12,142,906**	**$309**	**$14,506,867**	**$369**
Total Revenue Status Quo	$14,797,832	$376	$14,797,832	$376	$14,797,832	$376
Surplus (Deficit)	($4,514,739)	($115)	$2,654,926	$67	$290,965	$7
Total Revenue with HOST	$16,458,190	$419	$16,458,190	$419	$16,458,190	$419
Surplus (Deficit)	($2,854,381)	($72)[4]	$4,315,284	$110	$1,951,323	$50

The expenditure estimates for Dunwoody shows variance, ranging from a surplus of $110 per capita to a deficit of $117 per capita. Method 1 uses comparable cities with which we are able to examine how much a city of Dunwoody would cost if its citizens, elected officials, and government employees behaved similarly to other, neighboring Georgia communities. Though Dunwoody has a deficit in this methodology, the proposed city could provide different kinds and/or levels of services to reduce costs. Method 2 includes benchmark jurisdictions of varying sizes. Furthermore, the Enhanced Benchmark, or those that provide the highest quality of service, may include service levels beyond what a typical small city would provide. Yet, even with our strict definition of feasibility, Dunwoody shows a per capita surplus of at least $7 with this level of service.

Finally, we strongly encourage the reader to review the full report in order to better appreciate the methodology and calculations briefly summarized here.

[4] When total deficit of $2,854,381 is divided by 39,319, the per capita value equals $72.60. The difference is due to rounding.

Chapter 2
Community Profiles

This chapter will primarily focus on the demographic, cultural, and political characteristics of the Dunwoody area. It is these factors as much as fiscal considerations that drive a community's desire to incorporate. Furthermore, these characteristics are important to understand because they essentially define the community. But before we discuss the specific characteristics of Dunwoody, we put this community in context to a larger incorporation movement that is occurring statewide. Several factors have coalesced to make incorporation not only possible but perceived as desirable by many unincorporated communities.

Background on the Incorporations Movement in Georgia

The structure, powers, and numbers of local governments in the various states differ substantially. While Georgia is known for having a large number of county governments, the overall number of governments in Georgia on a per capita basis is substantially fewer than is average for states in general. This is the case because Georgia has relied much more heavily on what are called "general purpose local governments" than is the case with many states. A general purpose local government is one that puts all or nearly all the public functions of a community under the authority of a single government. For example, while some states will have a separate government (e.g., a Road Commissioner) for the construction of local streets and highways, this function is one of many that in Georgia are put under the jurisdiction of a general purpose local government. The key exception to this principle in Georgia is related to education. In Georgia, almost all the school systems are independent of the local governments. In addition, other states have established a number of authorities (or single purpose local governments) for the provision of select services such as water or fire suppression in some communities. However, the use of authorities is less widespread in Georgia than in most other the states.

Georgia's general purpose local governments come in two forms—cities and counties. Traditionally, cities and counties performed different functions and had different characteristics. Counties were (and still are) defined by a set jurisdictional boundary and by their role as an "arm of the state." That is, counties fulfill at the local level the responsibilities of the state government for basic security of persons and property, justice, public health and welfare, and tax collection. For many of these services, the state provides both operational mandates and some funding. Traditionally, counties did not have the authority to go beyond these state-defined responsibilities or to raise funds needed to provide the kinds of services that citizens tend to desire as they begin to live in close proximity to each other (e.g., water and sewer services, fire protection, more intensive police patrols, libraries, parks and recreation services, and the like). It was originally believed that these more expensive services, if provided by counties, could result in placing the state at financial risk.

For this reason, state governments allowed the creation of a separate public municipal corporations that would have these powers (e.g., to borrow money and enter into contracts to provide for relatively expensive urban-type services). Cities would have a separate taxing capability that would only apply to areas where these more expensive services would be provided. As the population in the unincorporated part of the county became dense enough to

require additional "municipal-type" services, either a new city would be formed or the area would be annexed into an existing city. However, there were also many cases where the city would extend some of its high-cost services (e.g., water and sewer services) to the unincorporated area prior to any change in the incorporated status of the area.

This traditional separation of responsibilities of general purpose local governments in Georgia remained intact until the 1970s when the Georgia Constitution was amended so as to open the door for counties to provide municipal services. This constitutional amendment also allowed counties to create special districts within which specific services may be provided and tax revenue collected to pay for those services.

Since the functions and revenues of cities and counties remained separate prior to this constitutional amendment, there were few issues of disagreement between the two types of governments. It was more likely that local government disagreements were ones between cities (e.g., cities might vie over the annexation of the same high-valued properties lying between them). However, when counties began providing municipal-type services in the unincorporated areas, the governments did not always establish fiscal structures to insure that those citizens receiving the services exclusively funded them. This created what is called a Tax Equity (or Tax Inequity) issue. A tax equity issue exists when one group of taxpayers is forced to pay for a service that they do not receive a benefit from (or a benefit that is at least roughly proportional to their contribution). The classic tax equity case is one where a county establishes a police department that only patrols in the unincorporated part of the community but funds the department with revenues that are drawn from all county taxpayers, including city taxpayers who do not receive the service.

Furthermore, cities and counties also began to compete with regard to which government would extend their services to newly developed areas of the county. This competition would sometimes lead to both a city and county government offering the same service to an area. In cases where the service was a natural monopoly (e.g., water and sewer or fire services) this situation was clearly inefficient and more costly to the taxpayer than it should have been. The competition between cities and counties regarding which government would provide a service was worsened by the relatively weak annexation powers the state provides to municipalities. That is, the hurdles that a city must overcome in order to annex new territory are higher in Georgia than in many other states. For this discussion, one important limitation was that unincorporated land must be contiguous to the city for the government to annex it. Consequently, when a county threatened to provide a service in an unincorporated area where a nearby city was either already providing or planning to provide it, the nearby city may have faced difficulty in using annexation to reestablish the provision monopoly for that service.

The competition between cities and counties regarding which government would provide a service may also have worsened due to the limitations that state law placed on the development of new cities. Prior to 2005, if an area within the unincorporated county developed densities that would suggest the need for municipal-type services but was nevertheless within 3 miles of an existing city, the area was not allowed to incorporate due to a "buffer" restriction. The 3-mile limit was supposed to allow existing cities an opportunity to expand through annexation; yet, if the land was not contiguous to the city, annexation was not possible. This limit meant that areas

which might have the density and other developmental characteristics of a city would nevertheless be dependent on the county for the provision of municipal-type services (as well as for the provision of more municipal-type planning and zoning regulations). This situation tended to result in counties becoming more heavily involved in the traditional work of cities and therefore potentially in greater competition with existing cities.

Finally, with the establishment of the local option sales tax (LOST) and the requirement that the proceeds be distributed among the county and the cities in the county, these governments began to have disputes regarding this revenue as well. On the one hand, the fact that the law requires the county and cities in the county to reach an agreement regarding the distribution of these funds tended to provide a strong incentive for local governments to cooperate with each other. On the other hand, because the law allows for a great deal of variety in terms of the principles on which the allocation of these revenues can be based meant that each local government could argue for a principled distribution that would most favor their own government or type of government.

As a result of a couple of decades of city-county squabbling over service, and tax equity and distribution issues, the Georgia General Assembly passed the Service Delivery Strategies Act in the late 1990s. This law mandates that every county and all cities within a county come to an agreement as to which government will provide which services in what areas. The law also requires that local governments who are party to the agreement come to a consensus on how services will be funded, and it specifically indicates that those who exclusively benefit from a service should also be responsible for funding that service. Similarly, the law states that service fees should not unfairly discriminate against a particular class of fee-payers (e.g., unincorporated residents should not have to pay more for water services provided by the city than the city residents pay unless there is a justifiable rationale for the difference in rates). Finally, the law requires the local governments to coordinate the development of their land use plans.

While the Service Delivery Strategies Act helped to provide a mechanism for cities and counties to address their differences on a range of issues, it did not resolve these issues. Specifically, the law did not address the incentives for competition that are inherent in the open-ended possibilities for LOST distributions and it did not resolve the problems presented by rapidly developing unincorporated areas that have ambitions for more self-rule.

In 2005, HB 36 addressed both the 3-mile incorporation restriction, and to a limited degree, the LOST distribution issue. This act repealed the 3-mile restriction, making it possible for Sandy Springs and other developed areas that are within 3 miles of an existing city to become new cities if they so desire. While there has not been an overall change to the general law governing LOST distributions, HB 36 did specify that in particular instances a set LOST distribution will be mandated if the local governments are not able to reach agreement voluntarily.[5] Specifically, the law states that: "…the commissioner [of the Department of Revenue] shall distribute the proceeds of the tax available for distribution from the percentage allocated to the county in the

[5] Specifically, the new LOST distribution will be mandated in counties where 1) new cities are created and 2) there exists a special district in the county for the provision of services consisting of the unincorporated area and the population in the unincorporated part of the county will, after removal of the population of the new municipality from the unincorporated area, constitute less than 20 percent of the population of the county.

current distribution certificate such that the new qualified municipality receives an allocation equal on a per capita basis the average per capita allocation to the other qualified municipalities in the county (according to population)..." (HB 36 Section 4 (4)). Fulton County and potentially a few other counties meet the criteria of this provision of HB 36.

While HB 36 paved the way for Sandy Springs to become a city and to do so without a potential delay in the LOST distribution or a problem with the authority to collect LOST, it also insured that other areas wishing to become cities in Fulton County would not be faced with these potential barriers to their immediate fiscal health. Based on the 2004 LOST revenues collected in Fulton County, new and existing cities in the county will receive approximately $216 per capita in local option sales tax revenues.

HB 36 also made it easier for an area to qualify for incorporation and to make the transition to a working municipality easier as well. Specifically, the bill:

- Allows recreational property to be recognized as "developed" for the purposes of meeting the requirement that at least 60 percent of the total number of lots and tracts in the area and 60 percent of the total acreage to be incorporated are "developed."

- Allows businesses selling alcoholic beverages to continue doing so without need for a referendum.

- Establishes a 24-month transition period in which the new city can begin collecting tax and fee revenues, while the county must continue to provide services and charge only for the services' actual cost as well as continue to be responsible for road maintenance.

- Allows the Department of Community Affairs to provide grants and loans to the new city.

General Requirements to become a Municipality

Title 36 of the Official Code of Georgia Annotated (O.C.G.A.) explains the population and density requirements of incorporation. These are as follows:

36-31-3.
To be eligible for original incorporation as a municipal corporation, the minimum population standards of the area embraced within the proposed municipal boundary shall be as follows:
(1) A total resident population of at least 200 persons; and
(2) An average resident population of at least 200 persons per square mile for the total area.

36-31-4.
To be eligible for original incorporation as a municipal corporation, the area embraced shall be so developed that at least 60 percent of the total number of lots and tracts in the area at the time of incorporation are used for residential, commercial, industrial, institutional, recreational, or governmental purposes and shall be subdivided into lots and tracts such that at least 60 percent of the total acreage, not counting the acreage used at the time of incorporation for commercial,

industrial, governmental, recreational, or institutional purposes, consists of lots and tracts of five acres or less in size.

Requirements to be an Active Municipality

Once an area becomes a city, it also has to meet the following requirement to remain an active municipality.

- Hold regular elections and official meetings
- Provide three of the following services:
    - Law enforcement, fire protection, road construction or maintenance, solid waste management, water supply or distribution, waste-water treatment; storm water collection and disposal; electric or gas utility services, code enforcement, planning and zoning, or recreational facilities.

HB 36 allows new cities two years in which to have sufficient services in place that it is not considered as an "inactive municipality."

Requirements to Receive a Share of Local Option Sales Tax Revenues

In order to receive a share of the LOST revenues new cities must achieve "qualified municipality" status under LOST. To achieve this status a city must:

- Impose a tax (other than LOST), and
- Provide at least 3 of 6 listed services. The listed services are water, sewer, garbage collection, police, fire, or library services.

Community Profile and Profiles of Comparison Communities

The Dunwoody area comprises approximately 8,700 acres which contained approximately 38,745 people in the 2000 Census count (see Figure 2.1). This figure has been adjusted proportionally to the increase in DeKalb County's unincorporated population so that we estimate Dunwoody to have approximately 39,319 in 2004.

The following table presents data on key socio-demographic factors for Dunwoody and the selected comparison communities. Please note that we refer to these comparison communities throughout this report.[6] Although Dunwoody is a Census Designated Place (CDP), the proposed boundaries for the City are larger than that of the Census Bureau's. Therefore, some of the demographic data does not perfectly match. When possible, we used census block data to accurately reflect the demographics for the proposed city (e.g., race, number of households, and housing tenure), and therefore, should be fairly accurate. However, for privacy reasons, the US Census Bureau does not provide income data at the block level so we use the Dunwoody CDP data in this and similar instances. Therefore, there may be some undercounting in these instances.

[6] See Chapter 3, Methodology for a discussion on how comparison communities were selected.

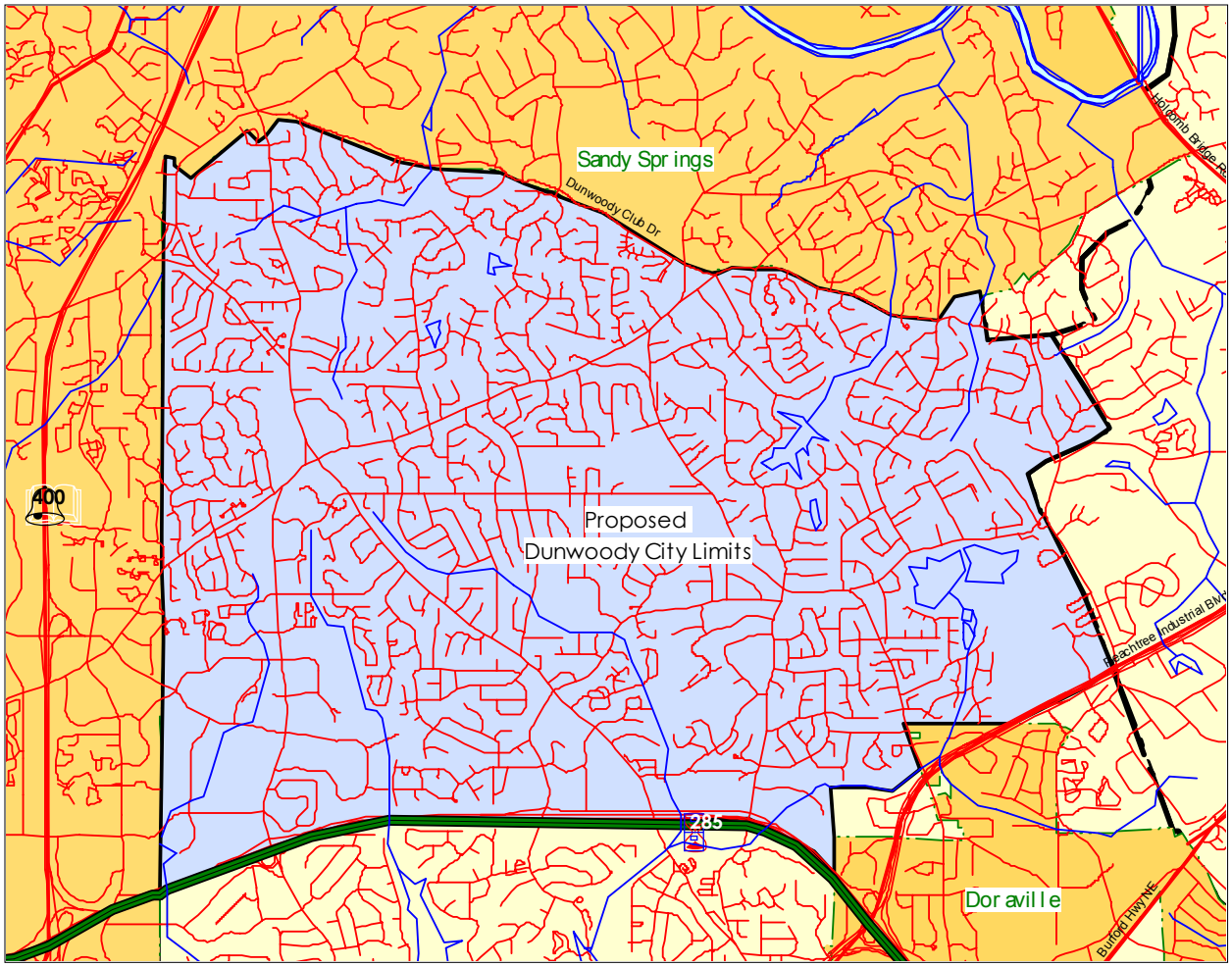


Figure 2.1: Dunwoody Boundaries

Dunwoody and Comparison Cities

Table 2.1: Dunwoody and Comparison Cities, 2000[7]

Name	Median Age	Percent Black	Median Family Income	Percent Public Assistance	Percent High School Graduate	Population
Dunwoody	38.4	9%	$82,838	.6%	96.0%	38,745
Peachtree City	37.5	7%	$84,398	1%	96.0%	31,580
Duluth	32.9	15%	$69,437	1%	93.0%	22,122
Kennesaw	31.7	11%	$67,778	1%	91.0%	21,675

[7] Source: 2000 U.S. Bureau of Census. www.census.gov; factfinder.census.gov/home/en/datanotes/expsf3.htm

Like its comparison cities, Dunwoody appears to be a relatively affluent community with low levels of poverty. The Dunwoody area is very close in population to Peachtree City but almost twice the size of Kennesaw and Duluth. The income level of residents is a positive indication of the community's ability to afford public services (often referred to as tax effort). Furthermore, as a community with low poverty and high graduation rates, Dunwoody will likely be able to retain and attract commercial businesses in the future.

Residential. The Dunwoody area is characterized by high valued, low-density residential housing in both traditional suburb and large-lot landscapes. Median home value for Dunwoody (Census Designated Place) in 2000 equaled $277,400. Approximately 61 percent of Dunwoody residents live in owner-occupied housing and the average household size is slightly less than 2.50 persons (2.45).[8]

Commercial. The Dunwoody area has a significant amount of office and commercial activity, which comprises nearly 40 percent of property values in area. Commercial properties are concentrated in two main areas: 1) the Perimeter Mall and business parks adjacent to I-285 and Ashford Dunwoody Road and 2) the Dunwoody Village Shopping Center at Chamblee Dunwoody Road and Mount Vernon Road. The former, Perimeter Mall serves as a regional shopping center and therefore has a much higher commercial value than Dunwoody Village.

[8] Ibid.

Chapter 3
Methodology

This chapter provides an overview of the methodologies utilized in determining whether the Dunwoody area may be able to provide an adequate level of urban services to its residents without raising the current tax burden of those residents as a whole. Furthermore, this chapter provides the advantages and limits of each of the methodologies. However, the details of each methodology and the resultant calculations are explained in the respective chapters (see Chapters 4 and 5). We believe that by understanding how the cost and revenue estimations were developed, the citizens of Northern DeKalb County can better evaluate the benefits and costs of incorporation.

Expenditures

While the methodology for estimating potential revenues for the proposed city is relatively straight forward (see discussion of Revenues below), estimating expenditures for Dunwoody is more complicated for a couple of reasons. First, it is not necessarily the case that the new city will use the same organizational, personnel, or service delivery configurations that are currently employed by DeKalb County. Secondly, because the proposed new city might choose to deliver services in different fashion and may encounter more current capital costs than DeKalb County has been faced with over the course of its development, the new city's labor and capital costs could differ from those of DeKalb County. Consequently, this report presents two sets of operating cost estimates developed via two estimation methodologies which result in a range of potential costs and associated net estimates of feasibility. The methodologies complement one another because they offer information using different kinds of data. However, in both cases, the estimates rely on data from governments outside of DeKalb County. In addition, we develop separate methodologies for estimating capital costs for both on-going capital projects and for the capital that would be needed at the start-up of a new city. The reader should remember that each methodology has a separate set of assumptions underlying it and it is the reasonableness of those assumptions that ultimately determines the quality of the information presented in this report.

Method 1

In Method 1 (Chapter 4), we estimate the operating costs of the proposed city of Dunwoody using fiscal year 2004 operating costs of three comparable Georgia cities. More specifically, we calculate the per capita expenditures for each comparison city by municipal department and then average the three comparison cities' costs. We subsequently multiply that average per capita departmental expenditures by the 2004 estimated population of Dunwoody. The departments we include are those we believe the proposed City of Dunwoody will provide and exclude those services DeKalb County will continue to provide (e.g., fire, ambulance, library, and health and welfare). Furthermore, we exclude services funded through enterprise funds because customers directly pay for these services through fees and charges and not general fund revenues. We selected the comparison cities because of their similar population sizes, demographics, and location in the Atlanta Metropolitan area (see Table 2.1).

Under this method, we assume that the potential city of Dunwoody will behave similarly to its neighbors. To the extent that Dunwoody supports the kinds and levels of services these cities provide, the comparisons become more useful in evaluating fiscal feasibility. In some cases, the level of services provided by the comparison cities may be higher than the Dunwoody residents currently receive (as paid for through the designated services tax district). For example, the Peachtree City Leisure Services Division includes funding for recreation, library, and senior services. In DeKalb County, these latter two services are funded through countywide taxes and therefore, Dunwoody would likely not need to offer these services as well.

Furthermore, we assume that costs between Dunwoody and its respective comparison communities will be the same. Since we have chosen communities with similar populations, we believe that concerns over relative economies of scale between Dunwoody and the set of comparison cities will not be a concern rather than if we tried to develop a per capita comparison using a much larger city. Because the comparable cities are located in the Atlanta Metropolitan area, their key operational costs (i.e., employee salaries and equipment) should be alike as well. However, the comparison cities are established and therefore the estimates do not include the additional costs associated with program development or "the learning curve" one would expect of a new city. In other words we assume with this methodology that the new government will be able to immediately provide services at a rate at least as efficiently as the comparison cities.

Because of the relative proximity to the areas under study, residents in Dunwoody will likely have some, but not complete knowledge of the service levels and quality of governance in the comparison communities, enabling them to make relatively accurate assessments of cost for services. The greater the knowledge of Dunwoody residents about the comparison communities, the more useful the information from this methodology becomes.

Method 2

To overcome the lack of quantified data on service quality, the second methodology estimates expenditures from performance benchmarks. These benchmarks include measures for effectiveness and efficiency developed by the Carl Vinson Institute of Government and the International City/County Managers Association (ICMA). ICMA's benchmark study provides data for a large number of communities across the country. These data are unusual in that performance benchmarks consistently used across jurisdictions are difficult to find. Furthermore, by creating our own benchmarks (e.g., police), we can more effectively develop costs based on the geography and demographics (i.e., crime rate) of Dunwoody.

Rather than relying on individual's perceptions of service quality which was required under Method 1, Method 2 utilizes quantified measures of performance to estimate service costs. From this method, residents of Dunwoody can consider what levels of services they would like in light of the costs of providing that level. Benchmarks also allow communities to gauge how well they perform relative to others which can also serve as targets for continual improvement. In line with these important uses for benchmarking, we offer two levels of benchmarks: basic and enhanced. The basic scenarios represent current or customary service levels for a community given its size while enhancement benchmarks refer to levels of services that are generally higher

than is currently the case and generally higher than is typical for the average community in Georgia.

The most significant limitation with using benchmarks, and in particular those from the ICMA database, is the comparability of communities (in this case communities participating in ICMA benchmarking program and Dunwoody). We attempt to overcome this limitation by using: 1) communities that are similar to Dunwoody in terms of geography and cost of living and/or 2) a nationwide sample of communities. However, there are bound to be differences. Furthermore, benchmarks should be used with caution because some service delivery costs are very site specific. For example, park acreage is only one of a myriad of factors (e.g., facilities, snow and rainfall, usage, and even foliage) that determine the costs associated with park maintenance. Finally, we are estimating costs based on existing cities with programs that are already being implemented. The benchmarks do not account for the "learning curve" or reduced initial efficiencies that naturally occur with any new program.

In estimating the expenditures for the proposed city of Dunwoody, this study does not include an examination of the resources DeKalb County current spends in that area. We appreciate the importance of knowing the current level of expenditures when a community decides whether to incorporate. Unfortunately, the lack of time and information precluded us from undertaking such an assessment. Therefore the Carl Vinson Institute does not make comparisons between current levels of services and expenditures provided by DeKalb County to those estimated in this report.

Capital Expenditures

The first two data chapters estimate on-going operational expenditures; however this does not provide the complete picture. The methodologies discussed above assume that Dunwoody already has the land, facilities, and equipment necessary to provide services. If created, the city of Dunwoody will also incur start-up costs as well as on-going capital expenses. Chapter 6 calculates the cost of purchasing those assets. Start-up capital includes expenditures needed to create an infrastructure base from which to supply services. We divide start-up capital into two categories 1) land, facilities, equipment used to house and support government officials and employees who provide services; and 2) land and facilities required to directly serve the residents (e.g., parks). Finally, the start-up capital includes the estimated current financial match required by DeKalb County for road construction in the Dunwoody area.

We rely on a variety of methodologies in calculating start-up capital costs and ask that you read Chapter 6 to fully understand how these costs were developed. However, the underlying assumption of these estimates is that the proposed cities would only require the land assets that the residents currently use (e.g., park land). Vehicle and facility space costs are determined from the estimated employees needed using the comparable cities and benchmark methodologies. If the proposed city desired more elaborate assets, there would be a concomitant increase in start-up capital costs.

After their initial investment, the new city will need to continually reinvest in its capital. In the comparable cities and benchmark methodologies, the operating expenditures exclude capital. Therefore, we add estimates of annual capital costs to maintain buildings, purchase major

equipment, and road construction. Of course, capital expenditures will vary greatly from year to year but excluding all such costs could lead to significant underinvestment of capital. Our methodology relies on average capital spending from municipalities across the State of Georgia. We believe that by relying on hundreds of communities, the annual capital spending variances that occur within a municipality will balance out.

Revenues

Fiscal feasibility has two parts: expenditures and revenues with the latter amount equaling or exceeding the former. In Chapter 7, we calculate the estimated revenues the Dunwoody area would collect if it was to become a city. The estimates utilize multiple methodologies, with the primary one relying on taxes and charges collected and managed in the DeKalb County Designated Services Fund. We calculated potential franchise fee revenue based on similar revenue collections from our comparable Georgia cities. For informational purposes, we include the potential Homestead Option Sales Tax revenue that Dunwoody would receive if either the current legal dispute between the cities in DeKalb County and the DeKalb County government is resolved in the favor of the plaintiffs or if HB 1416 is signed into law. For all revenues, we assume that taxation rates do not change after incorporation. Furthermore, we assume the tax base, such as property values and population are not significantly altered as well. To the extent that any of these circumstances do change, the estimations will be incorrect.

The Designated Service District (DSD) revenues pay for urban-type services such as police and parks. If the Dunwoody area was to become a city, they would be eligible to collect all the revenues that DeKalb County currently collects in the DSD. Therefore, the DSD revenues provide a useful gauge of future revenue collection. The largest revenue source, the property tax, should be fairly accurate because we utilize current property values in the relevant geographic areas and current property tax collections. However, some revenues cannot be segregated geographically to Dunwoody (e.g., charges for services) and for those we generally rely on per capita estimates.[9] By relying on per capita estimates, we assume that tax payments occurred proportionally throughout the unincorporated area. Unfortunately, we cannot know whether this assumption is true or not unless Dunwoody actually does incorporate and begins collection these revenues. The specific bases for determining each revenue-line-item is more fully explained in Chapter 7.

In contrast to the previous revenues discussed, DeKalb County cannot collect franchise fees except for cable television. To estimate this revenue, we had to refer to collections from neighboring communities and we selected Alpharetta and Roswell. We account for differences in commercial property and electricity usage, and therefore franchise fee collections, but without utility bills for every business from our comparison communities, the discounting may not be 100 percent accurate. Furthermore, we assume that residents in Dunwoody have similar utility needs (i.e., use electricity and natural gas at similar levels).

As can be surmised from the above discussion, all estimates are based on assumptions. We believe the assumptions chosen for this report to be fairly reasonable based on the available

[9] We divide total collections in the DSD by the number of persons living in Dunwoody to the entire unincorporated area.

information. Because we cannot know what the future of Dunwoody will be, we believe that using current conditions is the most reasonable basis from which to estimate revenues and costs. Of course, these conditions will change in the future, making the forecasts less reliable. And because we use current conditions, the farther out into the future we go, the less reliable estimates will be. Therefore, the data we offer are best seen as short-term estimates. Finally, the reader should remember we are making forecasts for a city that does not yet exist. Residents and their elected officials may choose services and tax rates that are far different from the current reality.

Designated Services Tax

HB 370 from the 1995 Legislative Session amended the "DeKalb County Special Services Tax Districts Act" by requiring specifically cited cities in DeKalb County to pay ad valorem taxes for designated services. Because Dunwoody is not listed in the legislation, we believe the new city would be exempt unless the law is changed. Therefore, we exclude this property tax expenditure from the feasibility study. Furthermore, the revenues from this tax go to DeKalb County to pay for DeKalb County services rather than to the municipal government.

Chapter 4
Method 1-Expenditure Analysis of Comparison-Group Cities

The first method of estimating potential expenditures for newly incorporated areas involves identifying cities of comparable size and characteristics and using these communities' per capita operating expenditures to estimate Dunwoody's expenditures.

Data were drawn from the Department of Community Affairs (DCA) Local Government Finance Survey for Fiscal Year 2004, the most recent year for which these data are available. As perusal of these service-level data suggest, cities in the comparison group differ both with respect to whether they deliver particular services and with respect to how they chose to respond to the DCA Local Government Finance Survey.

For example, some city governments will provide a holding cell-type jail service, while others either do not need this service or have worked out agreements with the county's sheriff to provide this service. Similarly, some cities will report expending funds on general insurance and legal fees. However, it is unlikely that the governments that do not report expenditures on these items have not actually incurred an expense of this sort; rather it is likely that they have consolidated these expenditures together with others such as "Expenditures on General Administration and Support Services." A similar case can probably be made for expenditures on drainage as cities typically are responsible for road-related drainage work. In summation, while readers can get some idea of the types and levels of service provided by the comparison group municipal governments, they are cautioned against reading too much into these data.

Aggregate data on operational expenditures for all categories are presented in Table 4.1. While the face value of individual service category data may be problematic, these aggregate data generally provide an accurate picture of municipal spending levels for these communities.

Table 4.1: Total Operating Expenditures for Comparison Group Cities FY 2004

Comparison City	Est. 2004 Population	Operational Expenditures	Per Capita Expenditures for Operations
Peachtree City	33,010	$17,737,485	$537
Kennesaw	25,816	$9,343,214	$362
Duluth	23,697	$8,431,004	$356
Average Per Capita Total Operating Expenditures for Cities			*$418*

Table 4.2 presents the service-specific expenditures for comparison communities. An examination of these tables will reveal a couple of important features of these data. First, the smaller cities (Kennesaw and Duluth) that are used as comparison communities provide fewer services or functions than Peachtree City. Secondly, the individual cities in the comparison

groups appear to expend funds on the listed functions and services in different ways. As suggested above, in some cases this may be more an artifact of the methodology in that governments differ in the way they define and categorize expenditures. For example, in Table 4.2 Peachtree City does not report spending any funds on buildings; however, upon contacting the Peachtree City Finance Department, we discovered that expenditures on buildings in that city are incorporated into the budgets of the specific departments. For example, the reported expenditures on police services would include the cost of maintaining the police facilities in the city. Consequently, in order to compare police expenditures in Peachtree City to those of Duluth or Kennesaw, one should discount any possible expenditure on building maintenance and repair in the former city since the latter does not include similar costs in its reporting. Similarly, Peachtree City does not indicate in the DCA survey that it expended funds on a jail. Yet, when asked if the city provided financial payment to the sheriff as reimbursement for city usage of jail cells, Peachtree City representatives indicated that, yes, they did so through a payment in the "General Administration and Support Services" category.

While the expenditures for Peachtree City may be skewed by the method of reporting in some functional areas (e.g., general government buildings), other variances in reported expenditures reflect fairly accurately real variation in service effort in functional areas. For example, Peachtree City supports Library and Ambulance services (over and above the county library services) in an amount of approximately $30 per capita.

The tendency for a city to simplify its financial reporting is more evident when one compares Duluth. In this instance, the data suggest that Duluth officials report expenditures on functions such as financial administration, government buildings, legal services, and other expenditures under the General Administration and Support Services category. We determined this by the fact that Duluth did not report any costs for these categories, yet their reported per capita expenditures on General Administration and Support Services were much higher than for Kennesaw.

Table 4.2: Comparison Communities' Expenditures for FY 2004								
Community	**Population**		**General admin. & support services**	**Per Capita**	**Financial admin.**	**Per Capita**	**General govt. buildings**	**Per Capita**
Peachtree City	33,010		$1,650,349	$50.00	$425,071	$12.88	$0	$0
Kennesaw	25,816		$887,914	$34.39	$323,632	$12.54	$279,948	$10.84
Duluth	23,697		$1,785,116	$75.33	$0	$0	$0	$0
Average	27,508			$53		$8		$4
Community	**Building inspection & regulation**	**Per Capita**	**Municipal court**	**Per Capita**	**Police dept.**	**Per Capita**	**Jail**	**Per Capita**
Peachtree City	$779,628	$23.62	$229,024	$6.94	$3,695,414	$111.95	$0	$0
Kennesaw	$518,862	$20.10	$263,861	$10.22	$2,707,144	$104.86	$620,204	$24.02
Duluth	$0	$0	$187,713	$7.92	$4,053,906	$171.07	$0	$0
Average		$15		$8		$129		$8
Community	**Highways & streets**	**Per Capita**	**Drainage**	**Per Capita**	**Parks & recreation**	**Per Capita**	**Library**	**Per Capita**
Peachtree City	$3,326,043	$100.76	$37,766	$1.14	$2,765,114	$83.77	$821,305	$24.88
Kennesaw	$945,506	$36.62	$0	$0	$1,199,982	$46.48	$0	$0
Duluth	$917,120	$38.70	$0	$0	$829,314	$35.00	$0	$0
Average		$59		$0		$55		$8
Community	**Community development**	**Per Capita**	**Health & welfare**	**Per Capita**	**Ambulance**	**Per Capita**	**Fire dept.**	**Per Capita**
Peachtree City	$0	$0	$82,931	$2.51	$172,509	$5.23	$3,188,512	$96.59
Kennesaw	$307,081	$11.89	$0	$0	$0	$0	$0	$0
Duluth	$657,835	$27.76	$0	$0	$0	$0	$0	$0
Average		$13		$1		$2		$32
Community	**Legal fees**	**Per Capita**	**Other expenditure**	**Per Capita**				
Peachtree City	$0	$0	$563,819	$17.08				
Kennesaw	$184,525	$7.15	$1,104,555	$42.79				
Duluth	$0	$0	$0	$0				
Average		$2		$20				

The new City of Dunwoody will likely not provide (at least initially) all the services listed in the above table. First, DeKalb County funds ambulance service and the library through the general fund and Dunwoody residents would continue to pay for this service through their countywide property taxes and applicable departmental charges. Similarly, health and welfare programs are paid from general county revenues and grants. Therefore, we assume that Dunwoody residents

would continue to receive these services from the county. Furthermore, Dunwoody plans on continuing to receive fire protection services from DeKalb County. This service is paid for through a special tax district and revenues are managed through a special tax fund. Table 4.3 shows the per capita and total expenditures for those service costs anticipated as being initially provided by Dunwoody using comparable cities' expenditures.

Table 4.3: Dunwoody Expenditures Using Comparable Cities

Expenditure Category	Per Capita Average	Dunwoody Total[10]
General Administration and Support	$53	$2,083,907
Financial Administration	$8	$314,552
General Government Buildings	$4	$157,276
Building Inspection & Regulation	$15	$589,785
Municipal Court	$8	$314,552
Police Department	$129	$5,072,151
Jail	$8	$314,552
Highways and Streets/Drainage	$59	$2,319,821
Parks and Recreation	$55	$2,162,545
Community Development	$13	$511,147
Legal Fees	$2	$78,638
Other Expenditures[11]	$20	$786,380
Total	*$374*	*$14,705,306*

[10] Per capita multiplied by estimated Dunwoody population of 39,319
[11] Comparison communities did not list a separate expenditure for insurance

Chapter 5
Methodology 2-Service Delivery Based on Benchmarking

This section of the study explores the potential for "building a city budget from the ground up" by purchasing specified or "benchmark" levels of service. The analysis in this section involves identifying key performance measures or benchmarks for city services and then costing out the various resources needed for a city to reach that level of performance. For some services, this analysis is fairly straightforward, and we can be confident that the results are reliable. For other services—for example, those that do not have well-defined and researched performance measures or those for which the link between performance and expenditures is not well established—the analysis is more difficult and the results are less reliable. While it is unfortunate that the state of the art of city budgeting and performance management is not as well developed and standardized as one might wish, the analytical effort should nevertheless provide the reader with some insights into the relationships between cost and performance in municipal government.

Fortunately, one organization, the International City/County Management Association (ICMA) has been working with local governments for several years in the area of performance measurement. As part of ICMA's Center for Performance Government, local governments (in 2003 approximately 80) from across the country participate in the program by submitting performance data which can then be compared with other jurisdictions. Extending beyond simple economy and efficiency measures which focus on cost, the ICMA data set also includes important quality and service measures. We believe that the appropriateness, consistency, and quality of the measures, the breadth of organizations that contribute data to the performance center, and the global reputation of ICMA make this set of data very useful. For these reasons, we chose to use ICMA performance center participants as our "benchmark" communities. Please note however, that not all communities submitted complete data. In order to develop performance-based cost estimates, we chose comparison communities that contributed both performance and cost data which therefore limited the number of communities available.

Additionally, in choosing which high performance jurisdictions to use as benchmarks and to estimate costs, we frequently relied on our professional judgment in selecting a set of communities. For example, we chose communities that would most likely not have environmental conditions so dissimilar from the Dunwoody area so as to distort the estimate. Similarly, in choosing high performance jurisdictions based on a quality measure (e.g., scoring 80 percent or above on a customer satisfaction score), we did not employ the same cutoff score for all functions or services examined because each individual service tended to have a different range of scores. The literature frequently mentions that different services have different natural ranges of customer satisfaction or service quality ratings. For example, citizens always rate library services much higher than public works services. Consequently, we took these satisfaction differences into consideration when developing cutoff scores for jurisdiction that would be in the benchmark pool. The cutoff scores we chose were ones that were at least moderately to substantially above average but also allowed us to have a number of jurisdictions from which to identify a low-cost benchmark community. Typically, these scores indicated that the high quality communities were ones with customer satisfaction or quality ratings of 75 percent or higher.

Road Maintenance and Construction

As the most expensive infrastructure cost for local government, we believe having an adequate gauge of road maintenance and construction costs to be extremely important for the development of benchmark-based budget figures for the Dunwoody area. In developing a benchmark-based budget for roads, we analyzed data from the ICMA Performance Center and identified a performance benchmark (i.e., an assessment of road quality) and primary comparison communities (i.e., Hall County). However, ICMA only asked communities to submit cost data on road repair and resurfacing—not construction. Because some road construction is actually more accurately categorized as a high level of maintenance, it is important to account for the costs of construction (which is typically deemed a capital expense) as well as the cost of general maintenance and repair (which is commonly accounted for as an operational expense). In order to account for the cost of construction, we diverged from using only the ICMA benchmark community because this community was not a metro area community and it had new construction costs that were substantially different from those experienced by counties in the metro area.

ICMA Benchmark

For Table 5.1, we selected four communities as relevant comparison communities based on their populations and Southern location. Being a Southern jurisdiction was deemed particularly important because of the effects snow and rain have on road condition and operations costs. However, we also provide data on all (see column entitled "Median, Cities Pop. ≤100,000") participating local governments across the United States with populations equal to or less than 100,000. We believe that by having a national sample, the varying operations and constructions costs caused by weather conditions, wage rates, etc. are averaged out for these smaller jurisdictions.

The specific measures reflect precise definitions given by ICMA for the study. Paved lane miles represents travel lanes covered with either asphalt or concrete plus turn lanes, parking lanes, shoulders, and adjacent bicycle lanes. Jurisdictions were directed to exclude drainage ways, alley, and bike or walking paths that are not part of the roadway. For calculations, roads were counted as 12 feet wide and conversion factors were used when road widths differed. Road rehabilitation expenditures only include items such as resurfacing, pot hole repair, and slurry sealing and exclude items related to administration, overhead, mowing, median maintenance, debris removal, street sweeping, (re)construction, and debt service payments. Street sweeping expenditures do not include roadway debris removal such as picking-up trash on the side of the roadway. The cost of street sweeping will vary dramatically by jurisdiction based on factors such as urbanization, use of salt and sand for snow/ice control, and policy preferences. Finally, ICMA asked participants to rate road conditions using some form of standardized system rather than informal surveys. However, the term "satisfactory condition" has been defined by the reporting jurisdictions.

Table 5.1: ICMA Comparison Cities and County, FY 2003[12]					
	Hall Co., GA[13]	**Gainesville, FL**	**Greenville, SC**	**Palm Coast, FL**	**Median, Cities Pop ≤ 100,000**
Population	162,372	117,182	56,002	42,850	n/a
Square Miles Served	431	54	26	63	25
Road Rehab $ per lane mi	$700	$710	$765	$3,111	$3,111
Road Rehab $ per capita	$6.79	$8.92	$6.69	$82.19	$27.23
Street Sweep $ per capita	$0.00	$2.82	n/a	n/a	$3.62
Pct. of Paved Roads Satisfactory or Better	92.1%	n/a	91.8%	66.3%	77.6%

Based on the road quality data from the ICMA report (i.e., road condition), we identified Hall County as the benchmark community for our analysis (See the following table). We were fortunate in that Hall County lies in Georgia because we were able to also analyze data from DCA and the Georgia Department of Transportation (GDOT).

With the DCA data, we can account for total operating and construction costs for highways, streets, and for drainage and not just the road rehabilitation costs that are available through the ICMA dataset. Expenditures for current operations include maintenance such as resurfacing, pothole repair, slurry sealing, engineering, debris removal, median/green space maintenance, traffic signal devices, signage, streetlights, gutters, sidewalks, and administrative costs within the departments of transportation or public works. Unlike most services, road-related capital costs for items such as land, equipment, and structures can be substantial and vary greatly from year to year. Therefore, Table 5.2 (and Tables 5.3 and 5.4) reflects the average spending for these costs over the last five years. To permit comparisons, expenditures from years prior to 2004 are adjusted for inflation using the Bureau of Labor Statistics' Consumer Price Index, Atlanta Metropolitan Area. Also, per capita figures represent the population given for that year from the Georgia Department of Community Affairs (DCA) data. For example, the year 2000 expenditures are divided by the 2000 population. These adjusted annual per capita costs were then averaged. In the DCA data, drainage costs are also included; however, these expenditures tend to be relatively small (particularly for counties) for both current operations and equipment/land/construction investments.

Table 5.2 includes data on per capita, per mile and per vehicle miles traveled (VMT) bases. The VMT measure comes from GDOT and represents the annual average daily travel of vehicles on county roads. This measure lets us know the "wear and tear" factor of a jurisdiction's roads. In other words, the higher the VMT, the higher the current operations and construction/road reconstructions budgets will be.

[12] Source: ICMA 2004. *FY 2003 Data Report*. Washington, DC: ICMA Center for Performance Management. www.icma.org

[13] Entire county

Table 5.2: Hall County
Average Expenditures for Roads and Drainage, 2000 – 2004
In Real Dollars[14]: Per Capita and Cost per Paved Mile[15]

	Roads and Drainage[A]	Roads and Drainage[B]	Roads and Drainage[C]	Total Roads and Drainage
Per Capita	$28.02	$10.77	$42.09	$80.89
Per Paved Mile	$2,092	$855	$3,192	$6,139
Per Vehicle Miles Traveled in 2004	$3.72	$6.95	$6.76	$17.42

A. Current Operations
B. Equipment, Land, Structures
C. Construction

Comparison Cities and Counties 2004

Tables 5.3 and 5.4 also use cost comparisons from the DCA dataset for nine Georgia cities and counties to determine maintenance and construction costs on an average cost per person and average cost per lane mile of road bases. Counties also have efficiency data by VMT. Please note that when evaluating costs across jurisdictions, economies of scale are not particularly relevant for road maintenance and construction. Furthermore, one cannot assume that Dunwoody would realize lower costs through privatization because for many years, governments have, regardless of size, nearly always contracted out their (re)construction projects.

For the comparison cities and counties, costs per capita and lane mile vary substantially, with comparable cities being much higher. This finding is likely due to the differences in the way the cities versus the state measure miles of paved roads. The cities gave center line miles which do not account for width, turning lanes, etc. while the state mileage does. *Because we believe the state measure of road mileage is more accurate, we use comparable counties when determining costs for the Dunwoody area.*

[14] The rationale for using a five-year expenditure period is provided in the next section. The transformation into real dollars is based on the Bureau of Labor Statistics: Atlanta Metropolitan Area; 2004 = 100

[15] Source: ICMA 2004. *FY 2003 Data Report*. Washington, DC: ICMA Center for Performance Management; Georgia Department of Community Affairs Report of Local Government Finances; and Georgia Department of Transportation, Office of Transportation Data (12/31/2004).

Table 5.3: Comparable Cities
Average Expenditures for Roads and Drainage 2000 – 2004
In Real Dollars[16]: Per Capita and Cost per Paved Mile[17]

	2004 Population	Roads and Drainage[A]	Roads and Drainage[B]	Roads and Drainage[C]	Total Roads and Drainage
Duluth	23,697	$37.34	$30.27	$0.00	$67.60
Kennesaw	25,816	$44.15	$22.25	$13.86	$80.26
Peachtree	33,010	$78.58	$13.41	$21.50	$113.49
Average		$53.36	$21.98	$11.79	$87.12
	Miles of Paved Lanes				
Duluth	60.0	$14,120	$11,585	$0	$25,705
Kennesaw	111.3	$9,537	$4,931	$2,921	$17,388
Peachtree	183.0	$13,865	$2,374	$3,749	$19,989
Average		$12,507	$6,297	$2,223	$21,027

A. Current Operations
B. Equipment, Land, Structures
C. Construction

[16] Bureau of Labor Statistics: Atlanta Metropolitan Area; 2004 = 100
[17] Source: Georgia Department of Community Affairs Report of Local Government Finances for expenditures. For miles of paved road: Duluth Planning Department, Kennesaw Transportation Department, and the City Engineer, Peachtree City.

Table 5.4: Neighboring Counties
Average Expenditures for Roads and Drainage, 2000 – 2004
In Real Dollars[18]: Per Capita and Cost per Paved Lane Mile[19]

	2004 Population[1]	Roads and Drainage[A]	Roads and Drainage[B]	Roads and Drainage[C]	Total Roads and Drainage
Clayton	259,741	$49.89	$10.79	$0.00	$60.68
Cobb	646,200	$38.92	$29.00	$63.53	$131.45
Fulton	815,865	$20.53	$1.25	$13.43	$35.21
Gwinnett	673,774	$40.31	$33.97	$71.27	$145.55
Henry	150,165	$64.83	$5.83	$55.36	$126.03
Average		*$42.90*	*$16.17*	*$40.72*	*$99.78*
	Miles of Paved Lanes 2004				
Clayton	1,471.8	$8,443	$1,815	$0	$10,258
Cobb	4,573.0	$5,179	$3,798	$8,304	$17,280
Fulton	2,592.2	$6,512	$395	$4,258	$11,165
Gwinnett	5,221.0	$4,930	$4,231	$8,608	$17,769
Henry	1,828.0	$4,738	$408	$4,030	$9,176
Average		*$5,960.40*	*$2,129.40*	*$5,040.00*	*$13,129.60*
	Vehicle Miles Traveled 2004				
Clayton	1,947,154.5	$8.37			$10.17
Cobb	6,907,272.6	$3.82			$5.29
Fulton	5,405,161.9	$4.20			$7.18
Gwinnett	7,880,970.8	$4.49			$17.62
Henry	1,886,911.1	$5.88			$12.32
Average		*$5.35*			*$10.52*

1. Countywide population while Miles of Paved Road and VMT are only for county maintained roads
A. Current Operations;
B. Equipment, Land, Structures
C. Construction

Furthermore, by using the DCA data, we can compare the Hall County road maintenance costs with neighboring jurisdictions. To permit a more accurate comparison with these Georgia counties, we used the Department of Transportation's mileage value (2,016.6) for Table 5.5 instead of that used by ICMA. Hall County costs are substantially lower than comparable counties on a per paved mile basis and the County's current operations cost compares well even

[18] Bureau of Labor Statistics: Atlanta Metropolitan Area; 2004 = 100
[19] Source: Georgia Department of Community Affairs Report of Local Government Finances for expenditures, and GA Department of Transportation, Office of Transportation Data (12/31/2004) for miles paved road and vehicle miles traveled.

when evaluated with the vehicle miles traveled (VMT) measure. However, when total transportation costs (current operations and construction) per VMT are calculated, Hall County is more expensive than the other comparable counties. This finding may be due to Hall County being more rural and therefore experiences less traffic. Please note that Hall County houses the city engineer in a division separate from the road maintenance division. If Hall County did not include the engineering office with road operations when reporting annual expenditures to DCA, then Hall County figures given here may be understated.

Estimating Road Costs Dunwoody

To determine the road maintenance costs for Dunwoody, we must first determine their lane road mileage. Unfortunately, these figures are not available directly. However, we were able to take the center-line road mileage for the area (152.6 center lane miles) and apply our knowledge of the county's unincorporated road lane miles in order to estimate the road lane miles for Dunwoody with the following steps:

1. Calculate the difference in mileage between GDOT's lane miles and the GIS-based center line miles for DeKalb County. The GDOT mileage for DeKalb County roads is 210.6 percent greater than its center line miles.

2. Adjust Dunwoody's center line roads miles upward by that amount (210.6%).

Although cost per mile is an important efficiency measure, it does not account for wear and tear on a road. For example, rural counties may have low per mile expenditures because their roads are infrequently driven, requiring less maintenance. Therefore, we believe that the best efficiency measure for road maintenance is cost per vehicle miles traveled. However, as an efficiency measure, it is important to note that road condition (i.e., *quality*) is not considered.

To calculate the 2004 vehicle miles traveled for Dunwoody, we accounted for both actual road miles and for population, which is an indication of likely usage. For the area, we averaged its percent of DeKalb County's unincorporated area mileage and its percent of unincorporated population to determine the proportion of unincorporated DeKalb County's VMTs that are within Dunwoody. In other words, half of the VMTs are accounted for through road mileage and half through population.

1. Calculate percent of roads that are in Dunwoody to unincorporated DeKalb County mileage (GDOT-based). The Dunwoody area has 7.91 percent of all the roads DeKalb County is responsible for maintaining.

2. Calculate the percent of population in Dunwoody (6.67%) to the entire unincorporated DeKalb County population.

3. Add the percent of miles of road (7.91%) to the percent of population (6.67%) and divide by two, which equals 7.29 percent, meaning that percent of DeKalb County's VMTs will be from the Dunwoody area.

4. Multiply the area's adjusted percent of VMT by DeKalb County's unincorporated 2004 VMT, 5,823,247.6.

Table 5.5 gives the annual operations road maintenance costs for the Dunwoody area using Hall County expenditures as a benchmark. One can see that the vehicle miles traveled is the most expensive measure but it is also the most appropriate because it takes into consideration the extent to which road surfaces need to be maintained and the wear and tear of the roads. The reader should remember that current operations expenditures *do not* account for new road construction nor road reconstruction which are both important annual costs for cities.

Table 5.5: Estimated Current Operations Expenditures Based on Hall County Benchmark Performance

Measure	Hall County	Dunwoody	Expenditure Dunwoody
Population	$28.02 capita	39,319	$1,101,718
Mileage	$2,092 mile	315.5	$660,026
Vehicle Miles Traveled	$3.72 VMT	424,514.8	$1,579,195

Table 5.6 outlines our accounting of the annual road construction costs for Dunwoody using different cost measures from those in Table 5.5. These accounts are based on a five year average for equipment, land, and construction costs. As we discussed earlier this section, we estimate Dunwoody construction costs utilizing metro area counties rather than on Hall County because the latter is relatively rural when compared to northern DeKalb County. Specifically, we believe it is more appropriate to look at the average construction costs for comparable counties, such as Fulton and Gwinnett (See Table 5.4). Communities with substantial growth will have relatively higher construction costs than communities with little growth. Furthermore, cities with greater levels of traffic congestion will have higher reconstruction costs than more rural communities. Again, although we are showing the range of construction costs based on different bases, we believe the VMT to be the most appropriate measure.

Table 5.6: Estimated Annual Construction Expenditures Based on Average of Comparable Counties

Measure	Average Counties	Dunwoody	Expenditure Dunwoody
Population	$42.90	39,319	$1,686,785
Mileage	$5,960	315.5	$1,880,380
Vehicle Miles Traveled	$5.35	424,514.8	$2,271,154

For comparison purposes, Table 5.7 presents the estimate of the public works expenditures currently (FY 2004) being made by DeKalb County, using DCA operating expenditures of $27,088,277. Of course, this estimate assumes an equal expenditure across all county roads, which may or may not be the case for the year 2004. The DeKalb County estimate for the Dunwoody area of $1,974,658 is somewhat higher than the benchmark community's (Hall County) expenditure estimate of $1,579,195 but less than the estimated based on expenditures from neighboring counties.

Table 5.7: Estimate of Dekalb County Public Works Operations Expenditures in Dunwoody, 2004

Measure	Total Amount	Dollar Ratio	Dunwoody Expenditures
Population (unincorporated)	589,255	$45.97	$1,807,509
Lane Miles (county roads)	3,990.4	$6,788	$2,141,728
Vehicle Miles Traveled (county roads)	5,823,247.6	$4.65	$1,974,736
Average			$1,974,658

Police Services

Public safety services constitute the largest expenditures for local governments. This section and next detail several methodologies for determining police and fire expenditures in Dunwoody using key performance measures.

Officers Needed to Achieve a Specific Response Time

A key metric for police services performance is response time to calls for service. Achievement of a specific response time involves two major components:

1) Sufficient officers to provide general police services (See Method I below) and specifically sufficient officers to be able to handle the volume of calls such that the police department does not have to stack calls (or keep a citizen waiting as service is provided to a citizen who is earlier in the queue) (See Method II below).

2) An ability to have sufficient numbers of officers strategically located such that an officer is within a certain distance of any possible call for service. (See Method III).

These components of response time capability are explored in depth below.

Method I: Officers Needed based on Average Community Experiences

Method I is based on the assumption that Dunwoody should have a similar ratio of officers to population. Table 5.8 presents the total police officers needed based on this assumption.

Table 5.8: Ratio Projection Method
Staffing Analysis

Standard	Ratio of Sworn Officers to 1,000 Pop.	Projected Staff For Proposed City of Dunwoody
National Average – All Cities	2.3	90
Southern States – Cities	2.6	102
Southern States – Select Cities[20]	3.1	122

Method II: Sufficient Officers for Call Volume

Method II follows the International Association of Chiefs of Police (IACP) methodology for identifying police patrol needs. This method attempts to relate calls for services from citizens to the police resources (in the patrol division only) necessary to respond to those calls. This method is much more sensitive to differences in crime rates and the community's perceived need for services than is the simple population ratio approach, i.e., Method I.

Background on Method II

One of the strategic challenges of budgeting for policing is understanding how officers will be able to carry out both community policing activities as well as responding to calls for service. Analyzing patrol staffing is an exercise in dissecting a patrol officer's time and factoring in the number of calls for service per officer.

Generally accepted workload standards for patrol officers include:

- patrol officers should devote no more than 40 percent of their time to citizen calls for service (includes assisting other units);
- patrol officers should devote no more than 25 percent of their time to status activities--self-initiated activities such as preliminary investigations, court time, meals, transporting suspects, etc.; and
- patrol officers need to be available for 35 percent of their time to maintain a level of presence for crime prevention.

[20] As reported in the FBI's 2002 United States Uniform Crime Reports. See Section VI, Law Enforcement Personnel, page 324. This represents only cities located in the Southern States within a population range between 10,000 – 24,999 inhabitants.

For a workload analysis, these standards need to be reframed in terms of annual hours per patrol officer. The chart shown here (left) illustrates the methodology used in calculating the annual hours a patrol officer should dedicate to responding to calls for service. The conclusion, as shown, calculated a total of 557 annual hours per patrol officer. Standards such as relief time (average hours for sick, annual, compensatory, and mandated training), status time (average leave hours for court, transport, meals, investigation, etc.), and discretionary time (community policing activities, not call-related) are identified and factored from the annual work-year hours (2,080) of a patrol officer.

Annual Work-year Hours:	2,080
Relief Time:	441
	1,639
Status Activity Time:	508
Discretionary Time (35%):	574
Dedicated Response Time:	557

Ideal Assessment versus Possible Assessment

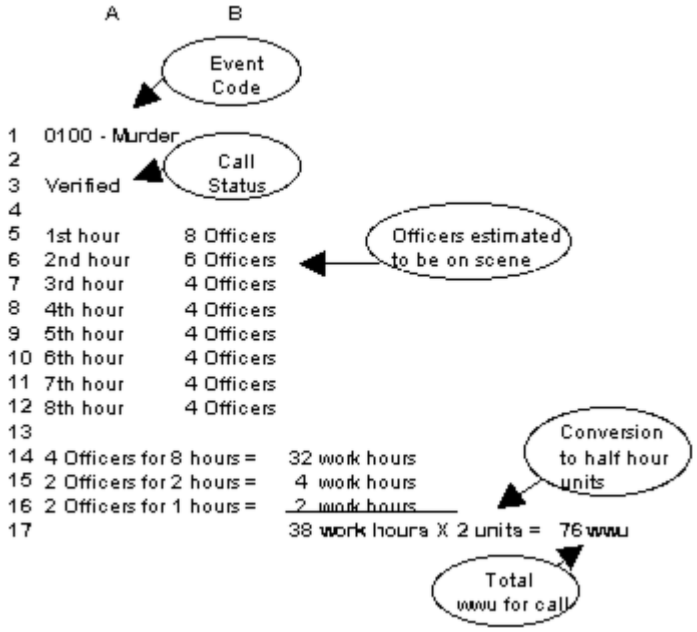
There are essentially three possible approaches to Police Staffing Workload analysis: a time used approach, a weighted event approach and an average event approach. These approaches are described below.

The Time Used Approach

One approach is to identify the amount of resources (i.e., officer time) that is actually used in the community and accept that as the amount of resources that are needed. This is the general approach taken by staffing workload analysts. In communities where there is a heavy call volume and demand for police services, this analysis is quite satisfactory as these circumstances make it difficult for police to use more resources than are necessary to address the service needs of the community. However, in communities where the calls for service may be far less than the available resources such that the police response to calls is potentially greater than is actually needed for the type of service call, this approach would provide an overestimation of the amount of resources needed.

The Weighted Event Approach

The second approach, which uses case- or call-type workload standards, controls for the potential over supply of police resources. Montgomery County, Maryland has developed a weighted call-for-service approach that assigned "weighted workload unit" values to different kinds of calls. These units are then converted into hours and compared to the hours dedicated to response time.



A call for service dispatched through Montgomery County's 911 Emergency Communications Center (ECC) is placed into one of 95 event classifications by the call taker. For each type of event, there is an amount of time a patrol officer or officers must spend from the point of dispatch to going back in-service. A subcommittee made up of patrol officers and

senior police management was formed to review each event classification and to identify the amount of patrol officer time spent on a given event. Time was calculated in 30-minutes increments, or "weighted workload units" (wwu). These units were then multiplied by the number of patrol officers needed to respond to that event. For each event, a verified (actual situation) occurrence and an unverified (false or unfounded) occurrence were calculated into a weighted workload unit. The example above demonstrates the methodology used to calculate a verified murder event.

Once the subcommittee concluded its effort in assigning every event classification with a verified and unverified weighed workload unit, a computer program interfaced 911 ECC-dispatched calls to the associated weighted workload units. The calculated weighted workload units from dispatched calls are refined to reflect calls for service handled by the Telephone Reporting Unit (TRU). TRU documents police reports via telephone for certain, less serious crimes. TRU is crucial in freeing patrol officer time to respond to priority calls and provide proactive patrol services. TRU calls are weighted by event type and then subtracted from the total weighted workload. The result is weighted workload units handled only by dispatched patrol officers.

WORKLOAD ANALYSIS FORMULA - PATROL OFFICERS

	Item:	(Time Period -12 Months) 3/95 - 3/96	3/96 - 3/97
1	Weighted Workload Units	608,704	605,147
2	Less TRU Workload	65,309	60,552
3	Total Weighted Workload Units	543,395	544,595
4	Weighted Units to Full Hours	271,698	272,298
5	Dedicated Response Hours per Officer/Year	557	557
6	Subtotal Patrol Officers Needed (calculated from lines 4 and 5)	488	489
7	Patrol Officer Complement	464	464
8	Less Limited/ Light-Duty Officers	30	30
9	Total Patrol Officers Allocation	434	434
10	Total Patrol Officers Needed (lines 6-9)	54	55

To determine the number of patrol officers needed to handle annual workload, the total annual weighted workload hours (less TRU workload) are calculated and divided by annual hours dedicated to response (557 hours). Periodically, the Montgomery County Police Department reviews the patrol workload analysis to make sure the workload standards are still valid in terms of the amounts of time estimated for relief time, status time, and discretionary time. Furthermore, the workload analysis needs to be reviewed in terms of the reality versus the formula. For example, did community police philosophies change? Were there any organizational changes that would affect the formula? As the formula goes through an internal review, the county asks that interested law enforcement agencies offer their perspectives on patrol staffing analysis.

While the Weighted Event approach has some valuable characteristics, it is also one that is difficult to transfer from community to community. For example, even if one accepted the weight for the set of events (which could differ from community to community based on geography, jail processing, and the distribution of responsibilities among the police detective and uniform divisions), the categorization of service call “events” may not be the same from community to community.

Average Time Approach

The average time approach is one that is less accurate than the other two approaches, but can be employed in cases where there is not sufficient data to use either the timed event approach or the weighted event approach. In the Average Time approach one attempts to identify the average time that officers spend on an average service call and then to estimate the total time staffing needed to ensure that there are sufficient officers to handle those calls without having to stack calls (i.e., have some callers wait while others are being served).

The following presents two analyses based on Method II. Because time-on-service-calls in the Dunwoody area was not available to the authors of this report, we identified a community (i.e., City of Roswell) similar in demographic and land characteristics and used their time-on-service-calls data as a proxy for the Dunwoody area's potential need for patrol officers. The second analysis used raw service call counts and applies a 30 minute per call service time average to this call count to arrive at an estimate of patrol officer staffing needs.

Method II-A: Use of Roswell 911 Timed-Event Database

In order to identify the staffing resources required to provide a level of police service of a particular quality, we completed the following tasks:

1. Identified a community (Roswell, GA) with similar demographic and land-use characteristics to Dunwoody.
2. Acquired a database of six months of calls for services in the comparison community.
3. Using the calls for services database, identified the average police response time in that community.
4. Applied a staffing workload analysis to identify the number of patrol officers needed to achieve that response time.

The International Association of Chiefs of Police (IACP) methodology for identifying police patrol needs is as follows:

Step 1: Identify the number of response-to-service calls. To accomplish this step, a request for these data was made to the Roswell 911 Dispatch Office. For each call in the database, we could determine the amount of time spent by the officer on the response. However, before this calculation could be made, we first identified dispatch call types that were not considered to be responses to calls by citizens, but rather were officer generated calls (e.g., to notify the dispatch that an officer was conducting a security check). Calls that were determined not to be responses to citizens' request for service were culled from the total number of calls.

Step 2: Calculate the expected time spent on call.

Step 3: Factor in the increase in the demand for officers' time due to: 1) Unreported service calls (e.g., where a citizen sees an officer on the beat and asks for assistance) and near-term growth in service calls (estimated at 5% each); and 2) The need for two officers to address a

single service call (estimated at 20%). The total factor estimate of increased demand for service is, therefore, calculated to be 30 percent (See Table 5.9).

Table 5.9: Calculation of Needed Hours of Service to Address Response-to-Citizen-Calls for Service

Hours Spent on Response To Calls	**9,076**
Estimated Increase in Demand Due to 1) Unreported =5%; 2) Growth = 5%; 3) Need for 2 officers for the service call = 20% Total Factor Increase = 30%	2,723
Total Officer Hours Needed	**11,799**

Step 4: Identify the actual amount of time-on-the-patrol task that the department provides due to the provision of annual leave, sick and bereavement leave, paid holidays, and training days. Leave, vacation and other non-work days are estimated based on general local government practices.

Table 5.10: Calculation of Actual Amount of Time-on-the-Patrol Task that Department Provides

	Days	**Hours**
Leave Per year (paid annual and sick leave)	28	224
Paid Holidays & Bereavement Days	15	120
Days Unavailable	45	344
Total Workdays	260	2080
Base Available Workdays	215	1736
Estimated Training Days	17.5	140
Actual Available Work time	197.5	1596
One-third Workdays	**65.8**	**532**

Step 5: Calculate the number of patrol officers needed based on the standard that officers should only be spending approximately a third of their time in direct response to call activity. Hence, the formula for the recommended number of offices is:

$$\frac{\text{Number of Person Hours Spent on Response to Calls x 3 (Table 5.9)}}{\text{Number of available work hours in an Officer's Year (Table 5.10)}}$$

Or $\frac{11{,}799}{532} = 22.2$

Step 6: Adjust for the fact that the service call data is only for 6 month.

Number of Patrol officers for Roswell needed based on service call data: 44.4[21]

Step 7: In order to account for supervisory officers needed for patrol services, add an additional officer for every 6 direct service patrol officers.

Step 8: Adjust Roswell patrol staffing needs to produce an estimate for Dunwoody. We calculate a pro rata share of the patrol officers needed in Roswell based on Dunwoody's population as a proportion of the Roswell population.

Table 5.11: Estimated Need for Officers Based on Call for Service Method II-A

	Population	As Percent of Roswell Population	Estimated Need for Patrol Officers (FTE)	Estimated Need for All Patrol Officers (FTE)
Roswell	78,229	100.00%	45	53
Dunwoody	39,319	50.26%	23	27

Method II-A provides a much lower estimate of staffing needs than the use of national ratios of officers to population. This finding is likely due to the substantially lower than average crime rates in Dunwoody when compared to other cities in the South.

Method II-B: Average Time Per Call Approach

Method II-B uses DeKalb County police dispatch data for the North Precinct to estimate the needed police staffing in the Dunwoody area. The dispatch data provide a count of service calls by categories. Application of the IACP methodology requires that the service call data be adjusted so as to only include calls that definitely have their source in a citizen's call for a specific service. In this regard, a certain amount of judgment is required. The following table summarizes the calculations used to arrive at an estimate of police staffing required for the

[21] To provide a more conservative estimate, the number of needed officers has been rounded up rather than down.

Dunwoody area based on this method. The method follows the same steps outlined in Method II-A above, which are abbreviated in the table below. The key assumptions in this analysis are that 1) service events are evenly distributed among the 8 beats in the North Precinct (3 beats are within the Dunwoody area) and 2) that the average service call is approximately 30 minutes in length. This assumption is based on prior police staffing analyses conducted by the Carl Vinson Institute of Government and by the Department of Community Affairs.

Table 5.12: Estimated Need for Officers Based on Call for Service Method II-A

Total Service Events	161,319
Call Events Not Qualifying as Citizen Initiated	
Traffic Stop	18,040
Business or house check	23,552
Miscellaneous Events	19,245
Transporting Prisoner	354
Relieve Officer	35
Serving Warrants	22
Work Traffic	671
Street Hazard	3,925
General Patrol Request POAP	6,971
Location Check	13,673
Total Events Not Qualifying as Citizen Initiated Service Calls	86,488
Adjusted Total Service Events	**74,831**
Dunwoody Proportion of Events (i.e., 3/8th of Precinct Beats)	28,062
Estimated Time in Minutes @ 30 minutes per Event	841,860
Time in Hours	14,031
Hours Adjusted for Estimated Increase in Demand (30%)	18,240
Hours Spent on Calls Times 3 (Based on Standard of 1/3 time spent on Call Response)	54,720
Estimated Hours of FTE Officer Time Available per Year	1,596
FTE Officers Needed To Respond to Calls	34.3
Total Officers Needed (Add 1 to 6 Supervisory Factor)	40.0 FTE

Method III. Strategic Location of Officers

Once the number of officers needed to respond to the call volume has been calculated, it is then necessary to see if additional officers might be needed in order to achieve the desired response time. In the case of Dunwoody, this may be particularly important in that as these areas have relatively low crime rates, the number of officers needed to respond to the service call volume could be significantly less than the number needed to provide for sufficient geographic coverage to allow for rapid response.

In order to estimate the number of officers needed to achieve a benchmark response time, we conducted two analyses. In one analysis we developed a travel time model of how many officers it would take to guarantee the achievement of an average response time of 6 minutes—no matter what the pattern of service calls occurs. In the second analysis, we worked from the existing response time data and based on reasonable assumptions estimated what the impact on response times would be were an additional police beat to be added.

In order to estimate the number of officers needed to achieve an average response time of 6 minutes, we performed the following analysis:

1. Estimated the average travel speed by officers responding to a call at 30 and 45 miles per hour respectively, so as to produce a high and low average travel time model. These travel times translates into approximately .58 and .75 miles in a minute for the low and high speed models.

2. Estimated the communications or dispatch delay (i.e., from the time that the citizen finishes their call to the E-911 office to the time that an officer begins his or her journey to the call site at 30 seconds. This leaves approximately 5.5 minutes of travel time to the call site.

3. Given the estimated travel speed and travel time, we can calculate that an officer can travel approximately 2.75 miles in the low speed model and 4.125 miles in the high speed model in the allowed travel time of 5.5 minutes.

4. Based on these parameters, we developed a mathematical model[22] in which both the location of a hypothetical officer and the location of a hypothetical call are generated by way of a random function. The model is used to account for the fact that at any one time an officer can be at any of the potential locations in an area—rather than at the center of the area which would place the officer in a more ideal situation. It should be noted that the logic of average response time can mean that in some cases (e.g., when an officer is at the other end of the beat from where a service call has originated), response time can be substantially greater (e.g., up to 4 times) than the average response time. The model was run for over 50,000 iterations and resulted in the identification of a service district of approximately 5.08 miles square (for the low speed model) 7.82 miles square (for the high speed model) in which an officer could on average travel 2.75 and 4.125 miles respectively to call locations in the 5.5 minutes time. However, because the mathematical model does not take into consideration the road network, a separate analysis of the road networks was conducted. Based on this analysis, road travel in the area was found to be approximately 75 percent as efficient as point-to-point travel. Based on these parameters the service area for Dunwoody was estimated to be approximately 3.8 and 5.87 square miles respectively for the two models. This equates to road travel distances of 1.9 and 2.93 miles for the low and high speed models respectively.

5. Using a GIS map of the roads in DeKalb County and the ArcView Network Analyst software, we plotted some possible service areas that would represent areas where an average 6 minute response time would be possible for Dunwoody. Figure 5.1 shows what a set of such service areas might look like in the proposed Dunwoody municipality based on a low speed model. The figure indicates that Dunwoody could likely achieve a response time of 6 minutes in most areas of the city by using two patrol areas. Assuming a low average speed, the average response time would likely be slightly greater than 6

[22] The model used is outlined in the following function

```
                    function doit(){
var totdis=0;
for(i=1;i<=10000;i++){
   var t=7.82;
   var dixy=0;
                    var ranx=Math.round(Math.random()*t);
                    var rany=Math.round(Math.random()*t);
                    var ranvx=Math.round(Math.random()*t);
                    var ranvy=Math.round(Math.random()*t);
                    if(ranvy > 10){alert("NO"); return}
                    distx =  Math.abs(ranx -ranvx) * Math.abs(ranx -ranvx);
                    disty =  Math.abs(rany -ranvy) * Math.abs(rany -ranvy);
                    dixy = Math.sqrt(distx + disty);
                    totdis = totdis + dixy;
}
                    //alert(totdis);
                    //alert(dixy);
totdis = totdis/10000;
alert(totdis);

}
```

minutes overall. Figure 5.2 shows what a set of such patrol service areas might look like in the proposed Dunwoody municipality based on a higher average speed model. Based on this model, the figure suggests that having two patrol areas would be more than sufficient to achieve the 6 minute response time.

Figure 5.1: Service area for 6 minute response time assuming 30 MPH average travel speed

Figure 5.2: Service area for 6 minute response time

As the figures above show, the travel time model would suggest that the Dunwoody area would need two police beats in order to guarantee an average response time of 6 minutes.

Assuming a need to provide officers 24 hours a day, 7 seven days a week (24/7), the base number of officers necessary to insure that one officer is on patrol at all times is 4.2 (i.e., 168 hours in a week divided by 40 hours). In addition, one must account for relief time (i.e., vacations, sick leave, and mandated training). Based on a 21 percent relief factor, the actual number officers needed to insure 24/7 coverage by one officer is approximately 5.1 full-time equivalent (FTE).

Consequently, we would conclude that with respect to the travel time factor alone, the Dunwoody area would needed to be staffed with a total of approximately 10.2 FTE direct patrol officers in order to achieve the 6 minute response time benchmark. After applying a supervisory factor the required number of officers is estimated at 13 FTE.[23]

[23] To be conservative and avoid part-time supervisory positions, the FTEs have been rounded upward.

Costing out Dunwoody Police Services[24]

In order to estimate a cost of police services for Dunwoody that achieve key benchmarks, we first need to identify which of the two analytical methods (calls for service or response time analysis) results in a higher level of required staffing. A police force needs to both have the staffing to respond to service calls as well as the staffing needed to achieve a good response time. Consequently, the benchmark staffing level will be the higher of these two levels. In the case of the analysis presented above, both of the calls for service methods resulted in required patrol staffing levels that were substantially higher than the response time analysis method. Therefore, in the costing out of police services, we only cost out the National Standard and the Calls for Service Standards and not the Response Time Standard.

While identifying staffing levels and corresponding costs for patrol services is fairly straightforward, the more difficult task is to identify the costs associated with a patrol force of a certain size. The other major divisions of a typical police department are the detective division and an administrative division. In addition to detectives, police departments typically will employ crime analysts, forensic or crime scene specialists, community policing specialists, evidence managers, communications and IT managers, and special task force members (SWAT, Dive team, Bomb Squad, etc.). Larger cities with higher crime rates will typically employ all of these types of specialists, while smaller police departments will tend to have one or two people play a number of specialist roles.

We analyzed, to the degree possible given the job titles, the staffing of police departments in our four comparison cities (See Appendix A). As a result of this analysis, we identified a range of ratios of patrol officers to officers who perform detective, administrative, and specialist functions. These ratios (or the percentage of administrative, detective, and specialist officers that are hired for one patrol officer) ranged from approximately 0.16 for Duluth to 0.38 for Roswell. Both Kennesaw and Peachtree City were at about 0.24. Given this range of ratios, we chose to use the median ratio of 0.24 as the basis for building out the remainder of the hypothetical police force.

Based on this ratio of support roles to patrol roles, we adjust the required number of officers in the Calls for Services methods by this ratio.

[24] In smaller police departments where there are only one or two patrol beats, it is standard police operating procedures to also have a shift supervisor, who is typically a more experienced officer, available at the same times. Hence, in order to have two officers on patrol, three officers are needed. In smaller police departments, the shift supervisor will also typically provide a roaming patrol service. Consequently, the actual number of officers available to respond in emergency situations is three, which thereby reduces emergency response times, and to a lesser extent, overall response times. With larger police departments, it is possible to have the shift supervisor also be responsible for a patrol beat.

Table 5.13: Adjustment for Support Officer Needs		
	Calls for Service--Roswell Proxy	**Calls for Service--County Calls in North Precinct**
Required Direct Patrol Officers	27	40
Support Officer Factor (24%)	1.24	1.24
Total Sworn FTE Officers Needed (rounded up)	34	50

Costing out the Scenarios

Our method for estimating the cost of employing 50 officers is to calculate an average per officer expenditure in the two comparison cities that represented the median in terms of the ratio of patrol officers to other officers (i.e., Peachtree City and Kennesaw).

Table 5.14: Expenditures Per Officer in Selected Comparison Cities			
City	**FY 2004 Expenditures on Police**	**Number of Officers**	**Cost per Officer**
Peachtree City	$3,695,414	52	$71,066
Kennesaw	$2,707,144	42	$64,456
Average Cost Per Officer			$67,761

Dunwoody Cost Estimates

When we apply this cost per officer to the identified number of officers needed in the three scenarios developed through the use of the three different service-need methodologies, the cost of providing an adequate level of police services in Dunwoody would range from approximately $0.9 million to $3.4 million, with the "Calls for Service (Roswell Proxy)" method standard being the least expensive and the "Average of Cities Nationally" being the most expensive. Because this latter methodology includes high crime areas with concomitant higher police to population ratios, we believe this latter measure may not be as useful a cost estimate as the other two.

Table 5.15: Costing Out Police Services for Dunwoody Using Three Performance Scenarios			
	Average of Cities Nationally	**Calls for Service--Roswell Proxy**	**Calls for Service-County's Calls in North Precinct**
Cost Per Officer	$67,761	$67,761	$67,761
Officers Needed	90	34	50
Estimated Cost	$6,098,490	$2,303,874	$3,388,050

Parks and Recreation

In developing pricing scenarios by level of performance for Parks and Recreation (P&R), we identified a few key benchmarks from the ICMA set of Parks and Recreation benchmarks and tied these benchmarks to estimates of local costs for the resources needed to achieve these benchmarks. It should be recognized that the local governments participating in the ICMA Performance Measurement project are likely to be higher performing governments than average and are also likely to have more professional management and management resources than is the case with governments not participating in the project. While the ICMA data provide information on hundreds of P&R variables, we have chosen a few variables that we believe do the best job of summing up the level of effort that local governments give to P&R services: Full-Time Equivalents (FTEs) per population, Expenditures per Population, Amount of developed and total park land per population, and Square feet of Facilities per Population. Unfortunately, not all the comparison cities provided data on all of these measures. To address the missing data issue, we only included jurisdictions reporting data when averages of a performance measure were calculated.

Appropriate Comparisons

While the mean and median for the entire set of ICMA Performance Measurement project participants is of interest, customary levels of P&R services can vary significantly by region due to some regions' weather providing more opportunities for outdoor recreation as well as more demands for park and recreation facility maintenance. Consequently, we also examined a group of Southern cities that are comparable in population size to the Dunwoody area. Three of these cities are also comparison cities when measuring transportation expenditures (See Table 5.16). No Georgia governments were chosen because only Savannah and Hall County participated in the ICMA project. Savannah was deemed to be too large and too different (due to the importance of the tourism industry) to be an appropriate comparison city, and Hall County provides services that are designed to be complementary to those provided by the City of Gainesville. The comparison cities chosen are listed in the following table.

Table 5.16: Parks and Recreation ICMA Comparison Cities		
City	**State**	**Population**
City of Coral Springs	FL	128,454
City of Gainesville	FL	117,182
City of Palm Coast	FL	42,850
City of Greenville	SC	56,002
City of Bryan	TX	69,356

The Issue of Quality

Ideally, performance measures in the area of Parks and Recreation would also include measures of quality, not just quantity of service. While the ICMA performance measure survey instrument includes quality measures, specifically levels of citizen satisfaction with parks and recreation services, only a few of the 84 reporting governments provided these measures and only one of the comparison communities, the City of Palm Coast, did so. Of the 12 communities reporting citizen satisfaction data, Palm Coast had the second worst rating in terms of the percentage of respondents who indicated that the Parks and Recreation services were either "Excellent" or "Good." The City of Savannah, on the other hand, had the third best citizen satisfaction rating for this same measure.

FTEs per 1,000 Population

The FTEs benchmark provides a measure about the level of staff effort put forth for the purposes of providing recreational services. The ICMA measure excludes golf as this service is typically provided at an enterprise fund level, is often contracted out, and is not widely provided by local governments. The following table shows the mean and median FTEs for Parks and for Recreation.

Table 5.17: ICMA Performance Measures Full-Time Equivalent Employees per Population		
All Jurisdictions	**Parks FTEs per 1,000 population – Excluding Golf FTEs**	**Recreation FTEs per 1,000 population – Excluding Golf FTEs**
Mean	0.37	0.70
Median	0.34	0.57
100,000 and above		
Mean	0.34	0.51
Median	0.32	0.49
Under 100,000		
Mean	0.40	0.86
Median	0.36	0.72

The specific data for the cities within the set of ICMA benchmark communities that are likely to be comparable (e.g., in terms of climate, recreational needs, and attributes) to Dunwoody are presented in the following table.

Table 5.18: Full-Time Equivalent Employees per Population Comparable Cities		
City	**FTEs: Parks per 1000 pop.**	**FTEs: Recreation per 1000 pop.**
City of Coral Springs, FL	0.56	0.60
City of Gainesville, FL	0.00	0.00
City of Palm Coast, FL	0.12	0.18
City of Greenville, SC	0.17	0.00
City of Bryan, TX	0.00	0.00
Average	0.28	0.39

Expenditures

The expenditures per capita on parks and recreation services in these comparison communities are presented in the following table (See Table 5.19).

Table 5.19: Expenditures Per Capita Comparable Cities	
	Parks and Recreation Services Per Capita
City of Coral Springs, FL	$40.55
City of Gainesville, FL	$26.70
City of Palm Coast, FL	$11.27
City of Greenville, SC	Not Reported
City of Bryan, TX	Not Reported
Average	$26.17

Park Acreage

The average amount of total park acreage for all the ICMA responding communities was approximately 21 acres per 1,000 population. The average for the comparison communities was substantially less (i.e., 12 acres per 1,000 population) due in part to the fact that the national average is skewed upward by a number of western communities that have large areas of land available for park use (See Tables 5.20 and 5.21).

Table 5.20: Comparable Cities: Acreage		
	Undeveloped Park Acreage	**Developed Park Acreage**
City of Coral Springs, FL	12	728.0
City of Gainesville, FL	1,987	0.0
City of Palm Coast, FL	440	41.6
City of Greenville, SC	47	455.0
City of Bryan, TX	65	750.0
Average	141	494

Table 5.21: Acreage per Capita Comparable Cities		
	Developed Park Acreage per 100,000 Pop.	**Total Park Acreage per 1,000 Pop.**
City of Coral Springs, FL	4.41	5.76
City of Gainesville, FL	0.00	24.81
City of Palm Coast, FL	2.27	11.24
City of Greenville, SC	14.51	8.96
City of Bryan, TX	15.59	11.75
Average	9.19	12.51

Facilities

The Table 5.22 presents the square feet of recreational facilities reported by the comparison cities.

Table 5.22: Facilities in Comparable Cities		
	Square Feet of Facilities	**Square Feet per 1,000 pop.**
City of Coral Springs, FL	0	0.00
City of Gainesville, FL	66,100	564.08
City of Palm Coast, FL	5,732	133.77
City of Greenville, SC	0	0.00
City of Bryan, TX	20,000	288.37
Average		328.74

Costing Out of Services

Assuming that the average of the key performance measures would be a reasonable level of service for the Dunwoody area to provide, we attempted to calculate the likely cost of reaching that level of service. Based on the benchmarks chosen, we can separate costs into capital (for parks and facilities) and operational expenditures (for maintenance and program operations).

Capital Costs: Parks and Facilities

For information purposes, we provide benchmark estimates for capital expenditures (acres of park land and square feet of facility space) that exceed current service levels. The benchmarks show the extent to which Dunwoody's park and recreation capital is less than ICMA benchmark. When summing our estimated expenditures for Dunwoody for the benchmark methodology, we will only include operating and maintenance.

To estimate parkland needs, we took the benchmark level of parkland per 1,000 population and calculated what the proportional amount would be for Dunwoody (See Tables 5.23 and 5.24).

Table 5.23: Dunwoody Parkland Resources Needed to Reach Benchmark

Population	Benchmark for Total Park Land per 1000 Pop.	Estimated Parkland Needed to Meet Benchmark	Current Parkland in Dunwoody[25]	Difference Benchmark
39,319	12.51	492 acres	148 acres	344 acres

Table 5.24: Cost to Meet Benchmark Park Acreage

Estimated Acres Needed	Estimated Low Cost Per Acre	Estimated Low Cost to Meet Benchmark	Estimated High Cost Per Acre	Estimated High Cost to Meet Benchmark
344	$20,000	$6,880,000	$75,000	$25,800,000

Recreational facility needs for Dunwoody were derived by applying the benchmark rate of square feet of facilities per 1,000 residents to the population of these two areas (See Table 5.25).

[25] The cost of purchasing existing parkland in Dunwoody is provided under capital costs.

Table 5.25: Dunwoody Facility Resource Needs				
Population	Benchmark for Sq. Ft. of Recreational Facilities per 1000 Pop.	Estimated Facilities Sq. Ft. Needed to Meet Benchmark	Current Recreational Facilities in Dunwoody (Sq. Ft.)[26]	Difference Benchmark (Sq. Ft.)
39,319	328.74	12,926	12,194	732

A high and low estimate of recreational facility costs were derived by identifying a high and low per square foot cost of recreational facilities. The low and high facility per square foot costs were derived from an examination of the square foot replacement cost of some of the existing recreation facilities in Northern DeKalb County (See Table 5.26).

Table 5.26: Cost to Meet Facility Resource Benchmark				
Estimated Sq. Ft. Facilities	Estimated Low Cost per Sq. Ft.	Estimated Low Cost to Meet Benchmark	Estimated High Cost Per Sq. Ft.	Estimated High Cost to Meet Benchmark
732	$50	$36,600	$80	$58,560

Operations and Maintenance Costs

Ideally, it would be possible to identify a specific unit cost for maintaining parks of different types and separate unit costs for operating recreational programs and facilities. Unfortunately, the available data does not allow for this level of analysis. Consequently, we took the average per capita costs for operating all parks and recreation services in the comparison cities and used this cost to calculate the expected expenditure level needed to operate and maintain the level of parks and recreational services provided on average in the comparison communities.

[26] The cost of purchasing existing recreation facilities in Dunwoody is provided under capital costs. Facility space includes the Dunwoody Nature Center @ 3,044 sq. ft. and Brook Run Park @ 9,150 sq. ft. For recreational facilities, Brook Run includes a theater and a restroom for a playground.

Table 5.27: Expected Operational Expenditures			
	Population	**Benchmark Expenditures per Capita**	**Estimated Operational Expenditures Needed to Meet Benchmark**
Dunwoody	39,319	$26.17	$1,028,978

While we expected that the ICMA Performance Measurement participant communities to have higher than average per capita costs for parks and recreation services, when we compared the ICMA averages with the averages for the Georgia comparison communities (i.e., Peachtree City, Kennesaw, and Duluth), the ICMA comparison city averages were substantially less than the Georgia specific comparison communities' average of $55.08 per capita. Part of the difference in per capita expenditures may be due to the fact that the ICMA expenditures exclude utilities. However, there are likely to be a number of other possible explanations as well including such factors as a higher demand and use of public services in the Georgia comparison communities, a greater prevalence and use of private facilities in the ICMA communities, or the availability of low-cost recreational opportunities such as beaches and lakes in these communities.

To address for possible underestimation with the ICMA community average, we selected the midpoint in per capita costs between the ICMA benchmark ($26.17) and the Georgia Comparison Cities ($55.08) for a per capita cost of $40.63 per capita. This figure will be used for the enhanced benchmark scenario

Table 5.28: Parks and Recreation Operating Expenditures, Enhanced		
Population	**Per Capita Expenditure**	**Annual Operating**
39,319	$40.63	$1,597,531

Community Development

While community development services can extend to economic development, downtown development, housing and historic preservation, and business recruitment, the core functions of community development are:

Code Enforcement,
Building Permits and Inspections, and
Plan Reviews

The ICMA Performance Measurement project includes over 100 variables related to these functions. From these data, we chose three benchmarks that we believe best sum up the potential efficiency of performing these functions:

Code enforcement expenditures per capita
Number of inspections per FTE inspector (with the benchmark of inspections completed within 2 days used as a quality measure).
Number of disposed code violations per FTE
Average cost per plan review

Code Enforcement

We used two methodologies to identify code enforcement costs: 1) a per capita cost based on the median expenditure calculated in the ICMA project, and 2) a cost based on estimating the violation rate and code enforcement disposition rate in Dunwoody using similar rates found in the ICMA project communities.

1) Code enforcement expenditures per capita methodology

While code enforcement activity may vary by the degree to which a community emphasizes this function, there are few or no intrinsic reasons for this function to vary by region. Consequently, we present the summary data on this function for all the ICMA project communities that reported expenditures per capita (See Table 5.29 and Figure 5.3).

Table 5.29: ICMA Communities
Community Development
FY 2003 Expenditures

All Jurisdictions	**Expenditures Per Capita**
Mean	$6.43
Median	$4.65
100,000 and above	
Mean	$5.95
Median	$4.12
Under 100,000	
Mean	$7.10
Median	$5.73

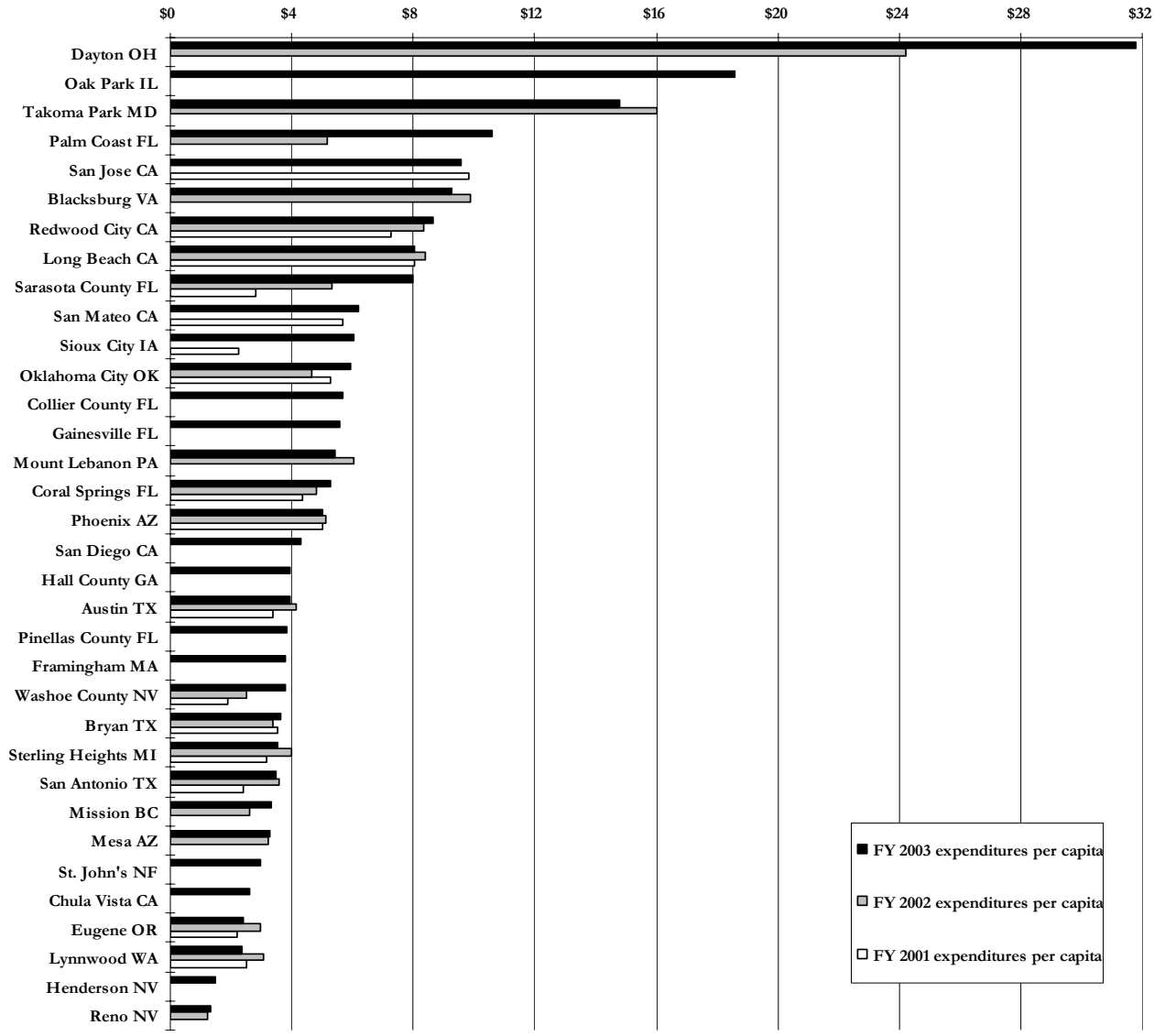


Figure 5.3: ICMA Communities Community Development expenditures per capita

The only community in Georgia reporting on this variable was Hall County. The specific data for Hall County used by ICMA was as follows:

Table 5.30: Community Development Expenditures FY 2003

Community	State	Population	Expenditures	Expenditures per Capita
County of Hall	GA	145,664	$574,862	$3.95

Using the median per capita cost for communities with populations under 100,000, we can estimate the cost needed to meet the average level of performance among the ICMA project communities (See table below).

Table 5.31: Expected Operational Expenditures Community Development in Dunwoody

Population	Benchmark Expenditures per Capita	Estimated Operational Expenditures Needed to Meet Benchmark
39,319	$5.73	$225,298

2) Violation and Disposition Rate Methodology

This method of estimating code violation enforcement costs allow for more linkage to a key performance measure (i.e., rates of code violation dispositions per enforcement officer FTE).

FTE Code Enforcers per 100,000 Population

Table 5.32: Inspectors per Capita ICMA Communities - FY 2003

All jurisdictions	FTEs Per 100,000 population
Mean	7.89
Median	6.41

The following table identifies the ICMA benchmark communities for the code enforcement function and the number of FTE code enforcers.

Code violations per capita in ICMA Project communities

The number of code violations per 100,000 population in the ICMA benchmark communities was:

Violations per 100,000 population 2,999

Expected Violations for Target communities based on ICMA Per Capita Rate.

To identify the expected number of violations in Dunwoody, we allocated the per capita rate of violations found in the benchmark communities to populations of Dunwoody respectively.

Dunwoody Population	Violation Rate per 100,000 Pop.	Expected Code Violations
39,319	2,999	1,179

FTEs needed to address expected violations.

To identify the number of FTEs needed to address the expected number of violations, we divided the expected number of violations by the rate of violation dispositions per FTE found in the benchmark community, 965.8 disposals per FTE in Longmont, Colorado. The number of code violations that each code official in the ICMA project was reported as being able to complete ranged from 236 to 966, with a mean of 505 inspections. Because the difference between the mean and benchmark was so substantial, we decided to use the average of the two, resulting in a need of 1.75 FTEs.

Table 5.33: Expected Full-Time Equivalents Needed to Address Violations in Dunwoody

	Expected Violations	Rate of Violations Dispositions per FTE	Estimated FTEs Needed[27]
Benchmark	1,179	966	1.25
ICMA Average	1,179	505	2.25
		Mean of Estimated FTEs	1.75

Cost Per FTE

To determine the cost per FTE, we 1) identified the salary range for a Code Enforcement Officer in the Georgia Comparison Cities group, 2) averaged the starting and maximum salaries, and 3) calculated the midpoint between the starting and the maximum salary. We used this midpoint salary as the most likely average cost for this position and added benefits expenditures at 28 percent, a travel and equipment allowance, and applied an administrative and indirect cost rate of 25 percent (See Table 5.34).

[27] Rounded to the nearest quarter FTE

Table 5.34: Code Enforcement Expenditures Georgia Comparison Cities					
Year	**Jurisdiction**	**Population**	**Job Title**	**Starting Salary**	**Maximum Salary**
2005	Duluth	24,255	Code Enforcement Officer	$35,180	$52,378
2005	Kennesaw	27,433	Code Enforcement Officer	$25,480	$47,050
2005	Peachtree City	33,810	Code Enforcement Officer	$30,035	$48,015
		Average Salary		$30,232	$49,148
		Midpoint Salary		**$39,690**	
		Midpoint Salary plus 28% Benefits		**$50,803**	
		Travel and Equipment		**$6,000**	
		Total Direct Cost		**$56,803**	
		Administration / Indirect Cost (25%)[28]		**$14,201**	
		Total Cost		**$71,004**	

Code Enforcement Cost Dunwoody

To identify the total cost for Dunwoody, we multiply the number of FTEs needed by the estimated cost per FTE

Table 5.35 Code Enforcement Estimated Expenditures		
Estimated FTEs Needed	**Cost per FTE**	**Expected Cost for Dunwoody**
1.75	$71,004	$124,257

Building Inspections

The steps in the cost analysis of the building inspection function were as follows:

1. Identify those communities that reported completing 99-100 percent of inspections within two days.

[28] Administrative costs include supervision which is estimated (based on an average span of control of 1:7) to be one-seventh of the direct service payroll and clerical and other support personnel which is estimated to be 10-11% of direct service payroll.

2. Calculate the average number of inspections per FTE for the communities identified in Step 1.

3. Use the high performing comparison communities' populations and counts of inspections to identify the average number of inspections per 1,000 population. This figure equaled 402.

4. Calculate the expected number of inspections in Dunwoody based on the per capita inspection rate identified in Step 3 (See below).

Dunwoody Population	Inspections per 1000 Pop.	Estimated Number of Inspections
39,319	402	15,806

5. Calculate the average inspections made per day per FTE in the high performing communities. This figure was 16.88.

6. Based on this figure, we then calculate the expected number of inspections per FTE that could be made annually. We base available work days on the paid holiday, sick leave, and paid vacation that DeKalb County offers its employees.

Table 5.36: Calculation of Inspections Per Year

Potentially Available Work Days	260
Annual & Sick Leave	23
Paid Vacation	15
Training	14
Available Work Days	208
Inspection per Day	16.88
Inspection per Year	3,511

Estimate the number of Inspectors Needed

Estimated Inspections Needed	Inspectors per FTE	Estimated FTEs Needed
15,806	3,511	4.50

Estimate the cost per FTE.

To determine the cost per FTE, we identified the salary range for a Code Enforcement Officer in the Georgia Comparison Cities group, averaged the starting and maximum salaries and then

calculated the midpoint between the starting and the maximum salary. We used this midpoint salary as the most likely average cost for this position and added benefits at 28 percent, a travel and equipment allowance, and applied an administrative and indirect cost rate of 25 percent.

Table 5.37: Building Inspector Expenditures
Georgia Comparison Cities

Year	Jurisdiction	Population	Job Title	Starting Salary	Maximum Salary
2005	Kennesaw	27,433	Building Inspector	$33,634	$61,963
2005	Peachtree City	33,810	Building Inspector	$31,555	$50,446
		Average Salary		$32,595	$56,205
		Midpoint Salary		**$44,400**	
		Midpoint Salary plus 28% Benefits		**$56,832**	
		Travel and Equipment		**$6,000**	
		Total Direct Cost		**$62,832**	
		Administration / Indirect Cost: 25%[29]		**$15,708**	
		Total Cost		**$78,540**	

8. Multiply the number of FTEs needed by the cost per FTE to arrive at an expected cost for building inspection services.

Table 5.38
Building Inspection Estimated Expenditures for Dunwoody

Estimated FTEs Needed	Cost per FTE	Expected Cost
4.50	$78,540	$353,430

Plan Review

Plan reviews are the most difficult element of the community development function to cost out due to the large degree of variation in types and complexity of plans. The larger and more complex the plan, the more costly it is to review. For small communities, the variations in plan size and complexity may be substantial across time because the community will only occasionally be the recipient of major development activity.

[29] Administrative costs include supervision which is estimated (based on an average span of control of 1:7) to be one-seventh of the direct service payroll and clerical and other support personnel which is estimated to be 10-11% of direct service payroll.

The variation in plan review activity, moreover, may account for some of the large variation in average cost per plan review found in the ICMA project data. Specifically, per plan review costs ranged from a low cost of $128 for a review to over $10,000 for a review.

The methodology for estimating the cost for the plan review function is as follows:

1. Calculate the number of plan reviews per 100,000 population for the ICMA project communities. This calculation resulted in a figure of 584.1 plan reviews per 100,000 residents.

2. Use the national rate of plan reviews per capita to estimate the number of plan reviews expected in Dunwoody. (See Table 5.39)

Table 5.39: Expected Numbers of Plan Reviews

Population	Plan reviews per 100,000 Pop.	Estimated Plan Reviews
39.319	584.1	230

3. Identify a benchmark cost per plan review in the ICMA project group. To determine a benchmark cost, we identified those jurisdictions that had met the standard of having 90 percent or more of their plan reviews completed within 14 days. Among this group, we selected the second lowest cost per review as the benchmark cost. This jurisdiction was chosen because the least expensive jurisdiction appeared to be unrealistic when compared to the average cost per review (i.e., $127 versus $2,462). The second lowest cost, $1,129 was found in County of Bexar, Texas.

4. Multiply the expected number of plan reviews by the average cost per review. We also added an administrative and indirect factor of 25 percent (See Table 5.40).

Table 5.40: Estimated Expenditures on Plan Review

Estimated Reviews Needed	Cost per Review	Cost per Review with Indirect factor	Expected Cost for Dunwoody
230	$1,129	$1,411	$324,530

Summary of Community Development

Table 5.41: Summary of Community Development Costs for Dunwoody	
Code Enforcement	$124,257
Building Inspections	$353,430
Plan Review	$324,530
Total	**$802,217**
Total Per Capita	**$20.40**

For purposes of comparison, we calculated a cost per capita for the community development (and building inspection) services in the respective sets of comparison communities and applied these costs to Dunwoody.

Table 5.42: Comparison Community Cost Estimates			
	Per Capita Cost: Building Inspections & Community Development	**Population**	**Estimated Cost**
GA Comparison Communities (Ave.)	$28	39,319	$1,100,932

Municipal Court

Municipal court expenditures are driven by population size and the stringency of local ordinance enforcement. The following table provides an estimate of the likely expenditures on municipal court services based on the Georgia comparison cities for Dunwoody. No performance measurement data was available for this function.

Table 5.43: Comparison Community Cost Estimates		
Per Capita Cost Municipal Court	**Population**	**Estimated Cost**
$8	39,319	$314,552

Facilities Management

Facilities management is comprised of three major components: custodial services, repair services, and utility and energy conservation services.

Custodial Services

Sixty-eight communities participated in the Facilities Management section of the ICMA Performance Measurement project. For custodial services, the ICMA dataset included numerous variables related to types of facilities maintained, number of facilities, number of square feet of facilities, type of service provision (in-house versus contractual), and types of services (e.g., general cleaning, floor waxing, etc.). For custodial services, the dataset also included the results of a quality assessment survey that the participating communities could administer. The survey question about quality of custodial services asked respondents to rate the quality as either Excellent, Good, Fair, or Poor. For each city participating in the survey, we calculated the percentage of the responses that were either Excellent or Good. Then we sorted the data and identified communities that had more than fifty percent of their responses fall into the Excellent or Good categories. The eight communities meeting this quality standard are listed in the table below.

Table 5.44: Communities with Quality Custodial Services

Community	State	Pct. Indicating Services as Excellent or Good	Cost per Sq. Ft. for Maintenance
Austin	TX	0.56	N/A
Bellevue	WA	0.66	N/A
Corpus Christi	TX	1.00	N/A
Des Moines	IA	0.76	N/A
Pinellas County	FL	0.61	N/A
Redwood City	CA	0.73	$3.92
Reno	NV	0.62	$0.81
Takoma Park	MD	0.97	$0.76

Next, we identified the key cost variable of interest. This variable was the cost of providing custodial services per square foot of facility space. (Additional breakdowns of cost per square foot of different types of facilities were also available). Unfortunately, only three of the communities that had high ranking custodial services reported the cost of providing these services.

Consequently, we conducted two analyses: 1) based on the average per unit costs for all relevant communities (i.e., those under 100,000 in population); and 2) based on the benchmark or lowest cost for just those communities meeting a quality standard (i.e., $0.76 per square foot from

Takoma Park, MD). While the ICMA data provide information related to both in-house and contractual custodial services, the data are not comparable due to the fact that communities will often contract out only particular, specialty services (e.g., floor refinishing) rather than the complete set of custodial services.

To identify the amount of facility space that cities of the size of Dunwoody would likely be responsible for maintaining, we:

1. Identified the communities in the ICMA dataset that were under 100,000 in population.
2. Identified the total amount of square feet of facilities these jurisdictions were responsible for maintaining.
3. Subtracted facility space that was for services that Dunwoody would be unlikely to be responsible for (i.e., health care facilities, animal shelters, dorms,). We only included data on detention centers from cities and counties due to the latter's primary responsibility for jails.
4. Culled two outlier communities that had facility square footage that was several times beyond the average for the communities.
5. Calculated an average amount of facility space per 1,000 population. This figure equaled 4,839 square feet.
6. Applied the pro rata square footage rate to Dunwoody based on its population.

Table 5.45: Estimate of Facility Maintenance Responsibilities for Dunwoody

National Rate of Square Feet Per 1,000 Population	Population	Estimated Square Feet to Maintain
4,839	39,319	151,553

7. Apply the median cost for custodial services per square foot of expected facility space. The cost of $1.70 per square foot is the mean expenditure for cities with populations under 100,000 and is included for comparison purposes.[30] Table 5.46 calculates the cost to Dunwoody for custodial services based on this figure and when using the benchmark city, Takoma Park ($0.76 per square foot).

[30] The median cost of custodial service for cities with populations under 100,000 equaled $1.99 per square foot.

Table 5.46: Estimated Expenditures for Custodial Services			
	Estimated Facility Space	**Median Cost per Sq. Ft.**	**Dunwoody Expected Cost**
Cities with Pop. Under 100,000	151,553	$1.70	$257,639
Takoma Park	151,553	$0.76	$115,180

Repair Services

Sixty-eight communities participated in the Facilities Management section of the ICMA Performance Measurement project. For repair services, the ICMA dataset included numerous variables related to the types of facilities maintained, number of facilities, number of square feet of facilities, type of service provision (in-house versus contractual), and types of services (e.g., carpentry, heating and air conditioning, etc.). For repair services, the dataset also included the results of a quality assessment survey that the participating communities could administer. The survey question about quality of repair services asked respondents to rate the quality as either Excellent, Good, Fair, or Poor. For each city participating in the survey, we calculated the percentage of responses that were either Excellent or Good. Then we sorted the data and identified those communities that had more than 75 percent of responses fall into the Excellent or Good categories. The nine communities meeting this quality standard are listed in Table 5.47.

Table 5.47: Communities with Quality Repair Services			
Community	**State**	**Percent indicating Repair services as Excellent or Good**	**Cost per Sq. Ft. for Repair**
Broomfield	CO	1.00	$0.89
Collier County	FL	0.98	N/A
Coral Springs	FL	0.96	N/A
Corpus Christi	TX	0.98	N/A
Des Moines	IA	0.88	N/A
Montgomery County	OH	0.78	$1.56
Pinellas County	FL	0.92	$2.84
Redwood City	CA	0.82	$2.97
Virginia Beach	VA	0.95	N/A

Next, we identified the key cost variable of interest. This variable was the cost per square foot of facility space of providing repair services. (Additional breakdowns of cost per square foot of different types of facilities were also available.) Unfortunately, only four of the communities

that had high ranking repair services also reported the cost of providing these services. Of these four communities, the lowest-cost community was Broomfield, CO at $0.89 per square foot.

To identify the amount of facility space that a city of the size of Dunwoody would likely be responsible for maintaining, we followed the same procedures used in the estimate of space that custodial services would be applied to (See steps 1-7 and table above). Based on the square foot estimate and the benchmark cost per square foot for repairs, the calculation of the expected costs for repairs for Dunwoody is presented below.

Table 5.48: Estimated Expenditures on Repair Services (High Quality Service)

Estimated Facility Space in Sq. Ft.	Cost per Sq. Ft.	Dunwoody Expected Cost
151,553	$0.89	$134,882

Utilities

Unfortunately, few communities in the ICMA dataset reported utility costs. In particular, there were no Southern cities reporting on the cost of heating oil or natural gas. In order to address this problem, we assumed that Dunwoody would have per square foot heating costs that were one-third less than the lowest cost in the data set. For the other utility costs, we calculated the average utility costs for the communities reporting costs.

Table 5.49: Estimates of Per Square Foot Utility Costs

Utility	Cost per Unit
Electricity	$0.06
Gas	$0.18
Water and Sewer	$1.92
Total	**$2.16**

Table 5.50: Expected Expenditures on Utilities (High Quality Service)

Estimated Facility Space in Sq. Ft.	Cost per Sq. Ft.	Dunwoody Expected Cost
151,553	$2.16	$327,354

Fleet Maintenance

The cost of fleet maintenance will vary substantially based on the types of vehicles (e.g., police, light duty, fire apparatus, heavy equipment, etc.), their level of use, and their average age.

In order to identify the cost of providing a high quality fleet maintenance service, we first identified the communities in the ICMA dataset who had earned a high customer satisfaction rating (i.e., 40% or more of the respondents indicated that the quality of the fleet maintenance service was excellent).

Table 5.51: Communities with High Quality Fleet Service Maintenance

Community	State	Pct. of Respondents w/ Excellent Service	Annual Cost to Maintain Vehicles		
			Police Vehicle	Light Vehicle	Fire Apparatus
Bellevue	WA	62.50%	$2,791.59		
Broomfield County	CO	61.54	NA		
Coral Springs	FL	83.33	N/A		
Gainesville	FL	87.50	$1,438.95	$1,546.70	$10,328.15
Longmont	CO	47.54	$2,352.21		
Phoenix	AZ	43.86	$3,391.80		
San Diego	CA	55.56	NA		
Sioux City	IA	61.76	$2,257.38		
Vancouver	WA	45.15	N/A		

Based on the data for police vehicles maintenance (which had more governments reporting cost data), we chose Gainesville, Florida as a benchmark for low cost and high service. Furthermore, this city is more likely to have labor costs that are similar to those of Dunwoody. Following this same logic, we used Gainesville as the benchmark for the other types of vehicles used by local governments. We assumed that Dunwoody would not operate fire protection, bus service, or landfill or sanitation packer type equipment.

To estimate the cost for Dunwoody, we conducted two analyses:

- Assume that Dunwoody would meet the resource requirements for the basic performance level scenario (See Table 5.52).
- Assume that Dunwoody would meet the resource requirements for the enhanced performance level scenario (See Table 5.53).

For the basic performance level scenario, we assumed that Dunwoody would: meet the calls-for-service police standard using the Roswell E911 call data.

The number of police vehicles needed in these scenarios was estimated to be two-thirds of the number of officers required to meet the standard (27 x .667 = 18). For Building Inspections and Code Enforcement, we rounded the number of vehicles to direct service personnel with the assumption that not every worker would always be in the field and that personnel in the two programs would share vehicles (total direct service personnel for two programs equals 7). For Parks and Recreation, we assumed that Parks personnel would need one vehicle to manage the three parks and recreation would need one vehicle.[31] Assuming the City will also lease some buildings for government operations, at least initially, we assume that facilities management will only need two light vehicles. Finally, for public works, which includes right of way and parkland landscaping we assume a total of 4 vehicles.

Table 5.52: Fleet Maintenance Cost Estimate (Basic Standard)

	Number of Vehicles	Maintenance Cost per Vehicle	Maintenance Cost
Police	18	$1,438.95	$25,901
Light Vehicles			
Code Enforcers	2	$1,546.70	$3,093
Building Inspectors	4	$1,546.70	$6,187
Parks / Recreation	2	$1,546.70	$3,093
Facilities Mgt.	2	$1,546.70	$3,093
Public Works	4	$1,546.70	$6,187
Total			**$47,554**

For the enhanced performance scenario, we assume that Dunwoody would meet the calls for service police standard using DeKalb County's North Police Precinct call data (Table 5.53).

[31] Our estimates come from Athens-Clarke County's vehicle inventory and we adjusted Dunwoody vehicles based on existing facilities. Athens has one light vehicle for 179 acres of park land maintained and one recreation vehicle for 26,182 program participants.

Table 5.53: Fleet Maintenance Cost Estimate (Enhanced Standard)			
	Number of Vehicles	**Maintenance Cost per Vehicle**	**Maintenance Cost**
Police	27	$1,438.95	$38,852
Light Vehicles			
Code Enforcers	2	$1,546.70	$3,093
Building Inspectors	4	$1,546.70	$6,187
Parks / Recreation	2	$1,546.70	$3,093
Facilities Mgt.	2	$1,546.70	$3,093
Public Works	4	$1,546.70	6,187
Total			**$60,505**

Tax Collection

Although some cities collect their own taxes, the majority employ the county tax commissioner to collect taxes for them.[32] Since the tax commissioner is already sending a county tax to city property owners, the additional cost of including a city tax bill is often less than if the city collected its own taxes. However, tax commissioner charges (typically specified in a fee per parcel) can vary substantially from community to community.

Because ICMA does not provide benchmark data to estimate the cost of this function and because the DCA survey for cities does not include a tax commissioner expenditure category, we must develop an estimate based on current DeKalb County expenditures. In DeKalb County, the Tax Commissioner negotiates with cities for tax collection services. For the purposes of determining the cost of tax collection to Dunwoody, we are using the per parcel cost the County charges the City of Doraville which equals $2.00 per parcel.[33] Using this per parcel charge, we calculate the estimated cost to Dunwoody. We also include a $200 computer charge which is included in Doraville's contract with the DeKalb Tax Commissioner.

Table 5.54: Tax Commissioner Estimated Expenditures				
Parcels in Dunwoody	**Per Parcel Charge**	**Cost to County**	**Computer Charge**	**Total Expenditure**
10,360	$2.00	$20,720	$200	$20,920

[32] O.C.G.A 48-5-359

[33] Email correspondence with Denise Hicks, City Clerk, City of Doraville dated February 17, 2006. Per parcel charge confirmed by DeKalb County Tax Commissioner's Office.

Indirect Costs

Indirect costs customarily include expenditures on general administration, financial administration, and legal assistance. Within these broad areas, there are a host of specific activities including budgeting, accounting, personnel administration, insurance, payroll, city clerk, purchasing, risk management, legal services and information technology. While some of these activities can potentially be measured in ways that allow for a judgment regarding relative performance of local governments, others such as general management and legal services are more difficult to measure and make judgments about. Additionally, it is much rarer for any of these services are contracted out.

We were able to identify three indirect services--purchasing, human resources, and risk management--for which it was possible to collect benchmark performance data from the ICMA Performance Measurement Project. Additionally, the DCA Local Government Finance dataset included a separate cost accounting for insurance. Although general administration, financial administration, legal services, and "Other Expenditures" have separate reporting categories within the DCA dataset, our experience and analysis of the data as a whole suggests that local governments do not appear to follow a standardized way of allocating their different administrative activities to these categories. We tend to find greater variance in expenditure reporting in the areas general administration, financial administration, and legal fees. Consequently, we believe that the best way to treat these data is to consolidate these expenditures together for analysis.

Purchasing

To estimate the cost of the purchasing function using the benchmark methodology, we performed the following analysis:

1. Using the ICMA dataset of benchmark variables, we selected communities with populations under 90,000.
2. For this set of communities, we calculated the average per capita number of purchase orders managed by governments, which came to 0.076.
3. We then applied the average per capita rate of purchase order completions to the Dunwoody population to determine the expected number of purchase orders.

	Population	Average Per Capita Number of Purchase Orders	Expected Number of Purchase Orders
Dunwoody	39,319	0.076	2,988

4. Using the ICMA dataset of benchmark variables, we identified communities that had achieved a customer survey rating of "Excellent" or "Good" 90 percent or more of the time for service quality (See Table 5.55).

Table 5.55: Communities with High Quality Purchasing Services		
Jurisdiction	**State**	**Cost per Transaction**
County of Bexar	TX	$69.80
Town of Blacksburg	VA	$43.04
County of Fairfax	VA	N/A
City of Long Beach	CA	N/A
City of Lynnwood	WA	$531.97
County of Santa Barbara	CA	$159.54
County of Sarasota	FL	N/A
City of Savannah	GA	N/A
City of Sioux City	IA	$20.79

4. Identified the low cost provider of quality service (i.e., Sioux City, IA).
5. Applied the Sioux City cost per transaction rate to the expected number of transactions for Dunwoody.

Table 5.56: Estimate of Purchasing Cost for Dunwoody		
Expected Number of Purchase Orders	**Benchmark Cost Per Transaction**	**Purchasing Cost**
2,988	$20.79	$62,121

Human Resources

To estimate the cost of the human resources (HR) function using the benchmark methodology, we performed the following analysis:

Using the ICMA dataset of benchmark variables for the HR function, we identified communities that had achieved a customer survey rating of "Excellent" or "Good" 80 percent or more of the time on service quality (See Table 5.57).

Table 5.57: Communities with High Quality Human Resources Services		
Jurisdiction	**State**	**Pct. of Respondents with High Quality Service**
Coral Springs	FL	82
Redwood City	CA	100
Reno	NV	82
Richmond	VA	82
San Mateo	CA	100

For these high quality HR jurisdictions, we determined the cost per FTE for human resources services using data from the ICMA dataset. We then identified the low-cost provider of quality service (i.e., Richmond, VA).

Table 5.58: Cost per FTE of High Quality Human Resources Services		
Jurisdiction	**State**	**Cost Per FTE**
Coral Springs	FL	$1,165
Redwood City	CA	$1,670
Reno	NV	$8,922
Richmond	VA	$646
San Mateo	CA	$1,222

For all services except police, we then calculated the estimated number of personnel in Dunwoody using a per capita ratio with the number of full-time DeKalb County employees in 2004 (for services we assume Dunwoody will provide). For services that are countywide, we used the ratio of Dunwoody's population to the County's total population (5.82%).[34] For unincorporated-only services, we used the ratio of Dunwoody's population to the County's total unincorporated population (6.67%).[35] We use the benchmark number of employees for the police department (See Table 5.59).

[34] U.S. Census Bureau population estimates for 2000 and 2004 (39,319/675,725). See Demographics Chapter on calculation of Dunwoody 2004

[35] U.S. Census Bureau population estimates for 2000 and 2004 (39,319/589,255). See Demographics Chapter on calculation of Dunwoody 2004

Table 5.59: Estimated Full-Time Employees Dunwoody		
DeKalb County Departments	**Full-Time Employees DeKalb County**	**Full-Time Employees Dunwoody**
CEO	20	1.2
Facility Management	98	5.7
Finance	208	12.1
Human Resource Management	35	2.0
Information System	88	5.1
Law	27	1.6
Parks and Recreation	232	15.5
Planning[36]	22	1.5
Public Works	405	28.0
Purchasing and Contracting	55	3.2
Recorders Court	51	3.4
Development Fund	140	9.3
Fleet Maintenance	176	10.2
Total Employees	**1,557**	**98.0**
Basic Police Dunwoody		34
Enhanced Police Dunwoody		50

Based on estimates of total municipal employment in Dunwoody, we applied the Richmond, VA benchmark to estimate the cost for HR services for these areas were they to become cities.

Table 5.60: Estimate of Human Resources Service Cost for Dunwoody			
	Expected No. of Employees	**Benchmark Cost Per FTE**	**Total Costs**
Basic	132	$646	$85,272
Enhanced	148	$646	$95,608

Risk Management

The risk management function includes provisions for general liability insurance for autos and other property, workers compensation, and public official's error and omissions liability. The

[36] Includes all Current and Development Support personnel and two-thirds (4) of Administration.

key benchmark measure for risk management is the total cost of risk management as a percent of the total operating expenditures for the jurisdiction. Unfortunately, only three of the jurisdictions participating in the ICMA Performance Measurement project provided sufficient data to allow a calculation of this benchmark (See Table 5.61). While Fairfax County's cost for risk management appeared to represent the benchmark for these services, this county is substantially larger than Dunwoody and is thus able to achieve economies of scale in this function that the proposed city would be unlikely to achieve. Consequently, we chose the Tallahassee cost for risk management as the more appropriate benchmark.

Table 5.61
Cost of Risk Management as a Percentage of Total Operating Expenditures

Jurisdiction	State	Percent
Fairfax County	VA	0.30%
Tallahassee	FL	1.10%
Vancouver	WA	1.80%

Based on estimates of the total estimated municipal operating expenditures in Dunwoody (from Georgia Comparison Cities methodology), we applied the benchmark percent of total operating cost for Risk Management services to estimate the cost for Risk Management services in these areas were they to become cities.

Table 5.62
Estimate of Risk Management Costs

Expected Expenditures[37]	Benchmark Cost Percentage	Risk Management Costs
$14,705,306	1.10%	$147,053

General Administration and Finance

Because no benchmarked expenditure data are available related to general administration and financial administration, we were forced to estimate the cost for these services by analyzing the staffing and compensation patterns of the Georgia comparison cities. For Dunwoody, we identified Peachtree City as the comparison city that was closest in size. We assumed that the

[37]Based on expenditure estimate using Comparison Cities.

administrative and financial administrative staffing would be roughly proportional to the size of the community and the nature and extent of the services being provided. For the comparison city, we only identified positions that would be congruent with the specific services that we anticipate Dunwoody would provide.

A review of the positions identified for the comparison city and discussion with the Human Resources manager suggests that Peachtree City provides a rich set of customer-oriented services. For example the City funds a Public Information Officer and two customer service representatives to address city questions and complaints. Furthermore, the City appears to have relatively sophisticated information technology capabilities including the capability to provide television broadcasts.

Peachtree City[38]

Table 5.63: Peachtree City General Administration Positions and Salaries

Position	Starting Salary	Maximum Salary	Hr. per Week	Number Employed
City Manager	$119,646	$119,646	40	1
Assistant City Manager	$70,931	$113,394	40	1
Executive Assistant	$32,187	$51,455	40	1
City Clerk (Administrative Services Director)	$64,260	$102,730	40	1
Public Information Officer (Deputy City Clerk)	$43,287	$69,201	40	1
Staff Assistant	$27,754	$44,369	40	1
Part-Time Customer Service Representative II	$13,209	$21,116	20	2

Table 5.64: Peachtree City Financial Administration Positions and Salaries

Position	Starting Salary	Maximum Salary	Hr. per Week	Number Employed
Financial Services Director	$64,260	$102,730	40	1
Assistant Finance Director	$55,411	$88,583	40	1
Budget Analyst	$33,816	$54,060	40	1
Accounting Specialist	$30,636	48,976	40	1
IT Systems Administrator	$52,741	$84,315	40	1
IT Systems Specialist	$37,326	$59,672	40	1

[38] Source: Janis Hooper, HR Director, Peachtree City, Phone: 770.487.2762

Calculation of Administration and Financial Administration Costs

The following table outlines the calculations for administration and financial administration costs for Dunwoody based on the staffing and wage analysis of the selected comparison city. Expenditures for personnel benefits and general operating supplies and equipment are added to the salaries in order to estimate total operational costs. As done previously, benefits are assumed to be 28 percent of salaries. Additionally, operating supplies and equipment expenditures were included at a rate of 15 percent of salaries. To account for costs for elected officials, who we are assuming will be part-time and not receive financial benefits, we add an additional $60,000 (5. commissioners at $10,000 for supplies and travel)

Table 5.65: Estimate of General Administration and Financial Administration Costs for Dunwoody

	General Admin	Financial Admin
Total of Midpoint Salaries	$446,593	$356,263
Benefits @ 28% of salaries	$125,046	$99,754
Operating Supplies / Equipment @ 15% of salaries	$66,989	$53,439
Elected Officials[39]	$132,000	0
Total Costs	$770,628	$509,456

Insurance & Legal Fees

While we have been able to estimate benchmark-based expenditures for the great majority of local government functions, there are two functions--insurance and legal expenditures-- that we were unable to identify data sources for both a benchmark level of performance and the expenditures related to this benchmark. In order to account for all expected local government costs, we would need to estimate typical levels of expenditures for these functions. We therefore searched for non-benchmark-based expenditure data. Because of the Uniform Chart of Accounts, which all local governments must use in reporting expenditure data to the state through the DCA Local Government Finance Survey, includes these functions as specific categories, one would assume that it would be feasible to identify average expenditure rates (e.g., per capita) in these areas and to apply these rates to the Dunwoody area. Unfortunately, how different local governments report expenditures in these areas varies considerably.

For example, while we know that cities will incur some insurance expenditures (local governments typically insure themselves against liability) the Dunwoody comparison cities did not report any spending for insurance. In these instances, it may be that the cities are self-insuring or it could be that they are including insurance expenditures under the "Other"

[39] Per the draft charter, six council persons are paid $18,000 each and the mayor is paid $36,000. Expenditures for elected officials are built into the overhead cost of $66,989.

expenditure category (See below for treatment of "Other" expenditures). Similarly, some cities will report legal fees, while others do not, possibly because they employ in-house attorneys and therefore report expenditures for these attorneys under the "General Administration" category.

While there is no way to fully control for these and other data problems regarding potential insurance and legal expenses, we used the following method to estimate the likely expenditures in these categories:

1. Find all the cities in Georgia that reported at least some expenditure in the category of interest (i.e., legal services or insurance) in 2004.
2. For those cities, sum the total expenditures for the categories.
3. For only those cities, subtract the expenditures for the category of interest from total expenditures.
4. Calculate the percentage of expenditures for the category of interest to total expenditures (minus expenditures on the category of interest).

The results of the calculations were:

1. Legal expenditures represented approximately 1 percent of total expenditures.
2. Insurance represented approximately 4.7 percent of total expenditures.

Next we applied these percentages to the total pre-insurance, pre-legal expenditure estimates for Dunwoody (See Summary in Table 5.67).

Summary of Benchmark-Based Expenditure Estimates

Benchmark-based expenditure estimates will vary depending on the benchmarks chosen. For many of the services analyzed in this report, we chose a customary performance benchmark that most local governments attempt to achieve (e.g., completing most building inspections within 2 days) and then identified a low-cost provider that achieves that level of performance. In most instances, moreover, the additional cost to achieve the benchmark performance would not be so substantial as to have a major impact on overall expenditures. However, for a few services (i.e., public works, and police), we identified multiple performance benchmarks that could have substantial impacts on expenditures. Consequently, we created two benchmark scenarios: a basic scenario and an enhanced scenario. The differences in these are outlined in Table 5.66. In addition to affecting the costs of police services, these scenarios also have implications for fleet management expenditures.

Identifying expenditures in the Public Works scenarios is more complex than for other functions due to the fact that operational and capital expenses in this area are highly intertwined. In most local government departments, capital expenditures are fairly rare and undertaken to purchase an enhanced level of service. In contrast, public works projects, although classified as capital expenses, are undertaken to both maintain existing service capabilities as well as purchase a new level of service (i.e., reconstruction versus new construction). For this reason, capital expenditures in public works tend to be continuous and represent, at least for the purposes of this

study, an item that is more akin to an operational expenditure than the "start up" capital expenditures which what we endeavor to estimate in Chapter 6.

For this study, the difference between operational expenditures and capital expenditures is an important difference in that we are trying to determine if the new city will be able to provide a sufficient level of service at no extra cost, i.e., our definition of feasibility. In this regard, capital expenditures for new services or an increase in the level of service would tend to make the new city appear less viable than it really is. Conversely, not including capital expenditures that are needed to maintain the existing levels of service would make the new city appear more viable. In order to address this problem, we present two estimates (in the Basic Benchmark Scenario and the Enhanced Benchmark Scenario) of the public works maintenance costs.

Table 5.66: Elements in the Basic and Enhanced Benchmark-Based Scenarios

Function	Basic Scenario	Enhanced Scenario
Public Works	Road Repair and minimal resurfacing - No capital expansion	Road Repair, resurfacing, and normal rates of capital expansion
Police (Method 2-calls for service standard)	Sufficient officers to avoid stacking calls (i.e., calls for service standard-Roswell)	Sufficient officers to avoid stacking calls using North Precinct data
Parks	Per capita average of ICMA comparison cities-operating costs only	$40.63 Per capita operating (between ICMA and GA comparison cities average)
Fleet Management	Vehicle needed with basic police standards	Vehicles needed with enhanced police standards
Human Resources	Expenditures with basic police standards	Expenditures with enhanced police standards

Table 5.67 presents a summary of low-cost benchmark-based expenditure scenarios for the potential municipality of Dunwoody. The expenditures and performance levels in these scenarios are those that the most skilled set of managers in the field of local government public administration could achieve.

Table 5.67: Summary of Benchmark-Based Expenditure Estimates for Dunwoody		
Function	**Basic Benchmark**	**Enhanced Benchmark**
Public Works	$1,579,195	$2,271,154
Police	$2,303,874	$3,388,050
Parks and Recreation	$1,028,978	$1,597,531
Community Development – Code Enforcement	$124,257	$124,257
Community Development – Building Inspection	$353,430	$353,430
Community Development – Plan Review	$324,530	$324,530
Municipal Court	$314,552	$314,552
Facilities Management - Custodial	$115,180	$115,180
Facilities Management - Repair	$134,882	$134,882
Facilities Management - Utilities	$327,354	$327,354
Tax Collection	$20,920	$20,920
Fleet Management	$47,554	$60,505
Purchasing	$62,121	$62,121
Human Resources	$85,272	$95,608
Risk Management	$147,053	$147,053
Finance and Accounting	$509,456	$509,456
General Administration	$770,628	$770,628
Sub-Total	*$8,249,236*	*$10,617,211*
Insurance at 4.7%	$387,714	$499,009
Legal at 1.0%	$82,492	$106,172
Total	**$8,719,442**	**$11,222,392**
Per Capita	$220.23	$284.07

Understanding Low-Cost Benchmark Based Scenarios

Benchmark- or performance-based budgeting for local government is a practice that is relatively new and still somewhat uncharted. Benchmark and related expenditures data are often still not sufficient to successfully build a detailed virtual budget from the ground up as we are attempting to do. Although the ICMA Performance Measurement Project, which includes data on thousands of variables, represents a major leap forward in local governments' ability to benchmark their performance and expenditures, there will always be differences among governments in terms of what is meant by a particular benchmark measure. For example, park maintenance in some jurisdictions may simply mean mowing open spaces once a month during the summer months, while in other jurisdictions this same function might involve once a week mowing, extensive tree

trimming, fertilization, new plantings, horticultural disease management, weed abatement, pesticide applications, and the like.

Obviously, when such a range of responsibilities within a given task exist, there are likely to be cases where the "low cost" service provider is actually providing a different level of service. Moreover, this level of service could easily be less than a community is currently receiving or could simply be an unacceptable level for the community in question.

It should also be recognized that achieving a benchmark at the lowest-cost can sometimes be beyond the capacity of some local governments even when these governments have the best managers and staff. This could be due to geographic realities (e.g., if building inspectors must travel an average of 40 minutes to reach each inspection site, it will be unlikely that the workers can achieve benchmark levels of inspection rates) or it could be due to the lowest-cost provider being able to achieve economies of scale that would be impossible, for example, in a city the size of Dunwoody. Similarly, some large cities can capture economies of scope by utilizing workers who might otherwise be idle (e.g., firefighter when there is no fire) to perform other tasks.

An alternative means of achieving economies of scale would be to outsource the function to an organization that specializes and has obtained economies of scale in the function. Unfortunately, it often the case that production-cost savings achieved from contracting can be wiped out by the costs of contract management. [40] Furthermore, achieving of economies of scale through outsourcing can sometimes undermine the ability to capture economies of scope. While some evidence exists that a more complete outsourcing of services may enable a smaller local government to disperse contract management costs, this evidence is not widespread or without qualifications.[41]

For these reasons, we believe that the total estimated expenditures in the low-cost, benchmark-based scenarios are somewhat unrealistic, particularly those in the Basic Scenario.

However, these totals do provide a baseline from which to judge expenditures either for a foundation level of service or for an expanded level. This baseline should be useful whether the potential new cities choose to provide services in-house or to contract for those services. That is, the cost estimates for a particular performance level should provide insight into what might be an appropriate initial bargaining position for policy makers vis a vis the service administrators (whether these are in-house managers or outsourced contractors).

For citizens of the Dunwoody area, these lowest-cost, but benchmark-based expenditure estimates suggest that substantial efficiencies may be achieved in local government service delivery to their area. In our judgment, achieving all these efficiencies would be improbable. However, achieving any of these efficiencies within the various service areas, the city may experience substantial savings.

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[40] Prager, Jonas. 1994. Contracting Out Government Services: Lessons from the Private Sector, Public Administration Review, 54,9, pp. 176-184.

[41] Prager, Jonas. Contract City Redux: Weston FL as the Ultimate New Public Management Model City. Working Paper. August 19, 2005.

Clearly, achieving such savings will require some changes in management practice, with more adjustments needed in some areas than in others. Incorporation offers an opportunity for a major restructuring in the governance of service delivery. One possible change that could emerge from incorporation would be the outsourcing of major sections of local government service delivery responsibilities. Outsourcing would most likely lead to changes in both management and other practices. Whether such a reform would result in greater overall efficiency in service delivery and in the governance of the public sector as a whole is an open question.

Department of Community Affairs -- Non-Benchmarked Data on Indirect Costs

The following provides an alternative estimation of administrative, finance, and other indirect costs based on the Georgia Department of Community Affairs (DCA) Local Government Finance Survey data.

Insurance

Local governments typically insure themselves against liability. An analysis of the DCA Local Government Finance Survey data for all cities in Georgia found that in FY 2004, Georgia cities spent approximately 1.9 percent of all operational expenditures on insurance. For the Dunwoody comparison cities no insurance expenditures were reported. It may be that these cities included insurance expenditures under the "Other" expenditure category (See below for treatment of "Other" expenditures), or it may be that they chose to self-insure.

General Administration, Financial Administration, Legal Assistance, and Other Indirect Costs

When examining all Georgia municipalities, an analysis of the DCA Local Government Finance Survey database found that the composite of general administration, financial administration, legal assistance, and other indirect services accounted for approximately 13.6 percent of all operational expenditures. For the Dunwoody comparison cities, administrative services accounted for approximately 14.3 percent of all operational expenditures in 2004.

In addition to the three DCA categories of expenditures that are clearly related to administrative functions, local governments are also able to report expenditures under an "Other" category. Because this "Other" category cannot be allocated to any of the governments' specific direct service functions, we assume that these expenditures are used to provide indirect support to the direct service functions and consequently, can be considered part of the indirect cost of providing services. For the Dunwoody comparison cities, total administrative and other indirect services accounted for approximately 19 percent of all operational expenditures.

Chapter 6
Capital Needs and Expenditures: Start Up and On Going

Start Up Capital Expenditures

The estimates for operating expenditures produced in the previous sections generally assumed that the city in question (the average of the comparison group cities for these areas or a benchmark comparison) already had capital stock that was sufficient or nearly sufficient to provide for the services to be delivered by a municipal government. In the case of a newly incorporated city, we cannot assume that the necessary capital stock would be available. Rather, a newly incorporated city would have to purchase the base stock of capital assets needed to supply the services ordinarily provided by a city.

For purposes of estimating the needed capital assets for a new city, such assets can be divided into two categories: 1) the land, facilities, and equipment used to house and support government officials and employees who provide services; and 2) the land and facilities required to directly serve the residents of the city (i.e., parks).

Ideally, from the point of view of a newly incorporated city, the county government would turn over all properties that it no longer needed to support general, countywide functions to the new jurisdiction. The question of whether the county would be required to do so is addressed in the next section. However, in addition to these properties, a new city would likely also require land and facilities to support its new responsibilities related to governance and administration.

Ownership of County Property after Municipal Incorporation

Currently, DeKalb County funds and maintains most of the facilities that an incorporated Dunwoody would need for police and parks and recreation services. While Dunwoody taxpayers helped to pay for the cost of these facilities, there is no guarantee that the county government would turn over facilities and other capital stock to the new cities.

Because it has been a long while since a municipal incorporation has occurred in DeKalb County, we do not know how the County government will respond to an incorporation in terms of transferring capital assets. Therefore, we are forced to reason by the analogy that incorporation is similar to annexation. However, there is nothing stated in Georgia municipal incorporation law which ensures annexation laws would definitely govern in the situation of the Dunwoody area becoming a city.

Assuming that the principles of annexation law would apply in the case of incorporation, however, we can identify some likely results. First, Georgia annexation laws provide that "ownership and control of county owned public properties and facilities are not diminished or otherwise affected by annexation of the area in which the county owned public property or facility is located." Assuming applicability of the annexation laws to the situation of a new incorporation, this would mean that the new cities would not automatically acquire county

property located in the new city's limits. Instead, county owned properties would likely remain in the hands of the county government.[42]

Second, an exception to this general principle exists with regard to roads and road-related rights-of-way. That is, annexation law, and by analogy incorporation, provides that cities will acquire the road rights-of-way as well as the obligation to maintain these upon annexation. Also, historical precedent suggests that it is fairly certain that county roads would become municipal streets.[43]

Third, there are certain instances in which the county can require an annexing city to acquire the county property located in the annexed area. One should recognize, however, that in order for this forced acquisition to occur, the county must declare the property within the annexed area to be no longer useable to the unincorporated county as a result of the annexation. For example, if the county chooses to no longer provide maintenance services for its parks and recreation facilities (and assuming that the new city government wants these services to continue), it would only need to declare the property unusable, and the new city would be required to assume responsibility. Of course, the city may always choose not to provide the service in question. However, for the purposes of this study we have assumed that the residents of Dunwoody will continue to receive similar levels of service that they currently receive.

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[42] O.C.G.A. 36-36-7. Effect of annexation upon county owned property or facilities; notice; acquisition of property or facilities by municipality.

(a) Upon receiving notice of a proposed annexation pursuant to Code Section 36-36-6, the county governing authority shall notify the governing authority of the municipality within five business days of receipt of such notice if any county owned public facilities are located in the area proposed to be annexed.

(b) Except as otherwise provided in this Code section, ownership and control of county owned public properties and facilities are not diminished or otherwise affected by annexation of the area in which the county owned public property or facility is located.

(c) Whenever a municipality annexes land on both sides of a county road right of way, the annexing municipality shall assume the ownership, control, care, and maintenance of such right of way unless the municipality and the county agree otherwise by joint resolution.

(d) Whenever county owned property or a county owned facility within an area annexed by a municipality is no longer usable for service to the unincorporated area of the county as a result of the annexation, the annexing municipality shall be required to acquire said property from the county governing authority under the following conditions:

(1) The annexation must be final;

(2) The county property or facility must be funded by revenues derived from the unincorporated areas of the county and must be used to provide services solely to the unincorporated areas of the county;

(3) The county adopts a resolution declaring that the property or facility is no longer usable for service to the unincorporated area of the county as a result of the annexation; and

(4) Unless otherwise provided by mutual agreement, the county shall be compensated in an amount equal to the fair market value of the property or facility which is no longer usable for service to the unincorporated area. If the county and municipality fail to agree as to the fair market value of the property or facility within 180 days following adoption of the resolution required by paragraph (3) of this subsection, the question of fair market value shall be submitted to a special master appointed by the superior court of the county in which the property or facility is located for determination of value. (Code 1981, § 36-36-7, enacted by Ga. L. 1992, p. 2592, § 3.)

[43] While ownership of the roads is typically conveyed to the municipality, there are potentially separate processes whereby (through a Service Delivery Agreement) the county may continue to maintain the roads/streets and (through a process of Department of Transportation's Local Certificate of Acceptance) the roads may continue to be considered part of the county road system. With regard to the Certificate of Acceptance process, the Department of Transportation usually gets the county to officially abandon the road and then has the city officially accept the road (as a city street). (Source: e-mail from E. David Adams, Office of Transportation Data, GDOT) This process has important fiscal impacts in that Local Assistance Road Project (LARP) funds and GDOT State Aid funds for road maintenance are distributed based on a formula that takes into consideration both road miles and population.

Georgia law also specifies the more general conditions governing a county's sale of real property. It provides for sale of the property by public bid. However, there is an exception for transfer, sale, or conveyance to another governmental body. Hence, DeKalb County and the incorporated Dunwoody would likely be free to negotiate the level of compensation for property transferred due to the incorporation.

Even in the case of DeKalb County contracting with the new cities to provide services such as police and recreation, the county would likely want to receive appropriate compensation (rent) for the facilities used to support these services. Hence, an estimate of the capital expenditures needed to either provide the services directly or through a market price contract would be useful.

In sum, while the DeKalb County Government could choose to donate its capital resources that lie within the boundaries of the proposed cities, it may not be under any legal obligation to do so. And while it is uncertain the extent to which the new city would be required to purchase capital resources from DeKalb County, an estimate of the costs of such purchases is developed below.

Capital Cost Estimation Methodology

In order to estimate the potential cost of facilities that the new cities would need to operate, we developed a cost estimation methodology. The methodology separates expected expenditures for land and facilities used to support employees from expenditures on land and facilities used to directly provide services to residents. We chose this approach because in order to support a full-fledged municipal government, the new cities will likely need a different set of capital facilities than is currently inventoried by DeKalb County. For example, the city will require facilities to house new administrative and service responsibilities (e.g., finance, administration, general services, municipal court, etc.). At the same time, they will not necessarily require all the facilities that DeKalb County currently operates in the northern part of county. However, because some of our estimates for employee-related capital costs build on the capital costs for citizen-oriented facilities, the latter are presented first.

Capital to Support Direct Services to Residents

Facilities for Serving Residents

In addition to providing facilities for government employees, we assume that the newly incorporated cities will operate facilities for direct resident services at the level currently provided by DeKalb County. The capital that directly supports services consists of recreational facilities and park land. Table 6.1 lists the land and facilities of this type that are located in the Dunwoody area and their market replacement value as assessed by the DeKalb County Tax Assessor for 2004.[44]

[44] We are excluding facilities funded through countywide revenues (i.e., Dept of Arts, Culture, and Entertainment)

Capital Assets for Recreation

Table 6.1: Capital Assets for Recreation			
	Appraised Value		
Capital Asset	Land	Buildings	Total
Brook Run Park 102 acres Recreational facilities: playground theatre, restroom facilities, gazebo Other buildings: administrative, ,	$855,500	$16,550,200	$17,405,700
Dunwoody Nature Center 35 acres Recreational facilities: 2 lighted baseball fields, playground, picnic area, recreational building	$165,800	$24,300	$190,100
Windwood Hollow 11 acres Recreational facilities: tennis courts, playground, picnic area	$60,300	0	$60,300
Total	**$1,081,600**	**$16,574,500**	**$17,656,100**

It should be recognized that actual purchase costs for these capital assets may be higher or lower than their appraised value. A higher purchase cost would be due to the tendency for public properties to be undervalued by tax assessors as these properties are not taxed and therefore the accuracy of their assessment value is not considered as crucial as is the case with private property. This scenario appears to be the case with respect to some of the park land in Dunwoody. For example, 35 acres of the Dunwoody Nature Center are valued at $165,800. This translates to only $4,737 per acre or just a fraction of the land cost designated for office use in the North DeKalb County area.

A lower purchase price (than the values indicated above) may occur if the actual assets have substantially deteriorated. In this case, the replacement costs recorded by DeKalb County would be higher than the assets' market price. This may be the case for several buildings at Brook Run Park. These buildings were formally owned by the state and the county has not used them for several years. Furthermore, replacement costs represent expenses that a new city choosing to provide parks and recreation services (similarly to current levels) may have to incur if DeKalb County retains ownership of its parks and recreation assets and uses them for other purposes.

Were Dunwoody to incorporate, there are a number of possible outcomes for these capital assets, including:

1. DeKalb County deeds the properties without charge to the new cities (based on the theory that the residents in these area helped pay for these parks through their county taxes).

2. DeKalb County agrees to deed the properties to the new cities for the appraised market

value of the properties (based on the theory that the county owns the properties and can use their sale to recoup losses due to incorporation).

3. DeKalb County agrees to deed the properties to the new city for a price that is approximately 2 times greater than the properties' appraised market value (based on the theory that the Tax Assessor's appraisal of county-owned property represents a major undervaluation when compared to actual market prices).

4. DeKalb County deeds the properties to the new cities in return for receiving a conservation value for the properties (based on the theory that the county owns the properties and should recoup some costs, but that the county has an interest in keeping the land for park and recreation use). Typically, conservation values are determined by factors such as soil type and other environmentally-specific features of the land. In this case, the land would not be used for agricultural purposes; rather, it would remain solely for recreational or leisure use.[45]

5. DeKalb County maintains ownership of the property and continues to operate the parks as county parks.

In order to develop cost estimates on the various options for the proposed cities, we examined properties in the tax assessor's database and consulted experts on conservation property values in Georgia.[46] From these data, we developed value estimates for the park lands located in the study areas. Table 6.2 presents the results of this estimation process.

[45] In Georgia, property is appraised based on: the value which would be realized from a cash sale, but not forced sale, of the property and subjects as such property and subjects are usually sold, or as the amount a knowledgeable buyer would pay for the property and a willing seller would accept for the property in an arm's length, bona fide sale. OCGA 48-5-1, OCGA 48-5-2(3).

[46] There is no standard methodology for identifying conservation values of property in Georgia. We consulted with David Newman of the University of Georgia who has studied the determination of conservation land values in Georgia. In our method, we establish a base value for raw conservation land in DeKalb County (i.e., $9,498 per acre) and identify the additional value that an average piece of park land in the North Fulton area has compared to the conservation value of raw land. Because of the high market value of Dunwoody properties (based on their highest and best use), the calculated conservation value represents less than 10% of the market value of these properties with a non-commercial value of $100,000 per acre.

Table 6.2: Dunwoody Park Capital Cost Alternatives	
	Est. Cost to Purchase
Options 1 & 5: No charge	$0
Option 2: Appraised Market Value	$17,656,100
Option 3: Adjusted Market Value (2 times the Assessed Market Value)	$35,312,200
Option 4: Conservation Value (148 acres)[47]	$1,405,704

Based on this analysis, the range of potential costs to purchase the existing park land in Dunwoody, rather than receiving these lands as a gift from the county, spans from approximately $1 to $35 million.

One property, Brook Run, has legal limitations on how the property can be used which affects its market value. In 1997, the State of Georgia sold the property to DeKalb County for $3,700,000 through a lease purchase agreement. The quitclaim deed dated April 16, 2001 put further conditions on the final sale of the property. First, the County agreed to pay the State an additional $2,393,380. Secondly, the "property shall only be used for parks and recreation purposes, public education purposes, and public cultural purposes or any combination thereof by DeKalb County, but any assignee of DeKalb County is limited to one of the specified uses and not a combination of uses."[48] Additionally, the deed requires that at least 70 percent of the land be maintained as urban green space.

In terms of determining the appropriate sale value for Brook Run Park, we determined that the quitclaim deed significantly limits the market value of the property in that the County cannot sell the land except to supply one of the above purposes (i.e., a park, cultural, or educational) and the buyer must retain 70 percent of the land as urban green space. These restrictions will likely result in the supply of interested buyers being significantly less than if the land were available for development. Those potential land buyers such as non-profit cultural organizations or educational institutions have limited resources as well. Therefore, we are assigning DeKalb County's total purchase of $6,093,380 as the price the City of Dunwoody would pay for the park.

As for the value of the other two park properties (i.e., Dunwoody Nature Center and Windwood Hollow), we are unaware of any land use restrictions similar to those that exist for Brook Run. Because of the difficulty in knowing how DeKalb County will address the transfer of these capital assets and the degree to which the appraised value accurately reflects true market value, we will use the value placed on the property by the DeKalb County Tax Assessor as the baseline cost that the new cities will likely have to pay to acquire these two properties.

[47] Ibid.
[48] Brook Run Deed, page 5. April 16, 2001. 009472 Deed Book 12038-26

Table 6.3 provides a list of the estimated cost of each park and the annual financing payment using a 25 years bond with a 5.5 percent interest rate.

Table 6.3: Estimated Capital Cost for Recreation	
Brook Run Park	$6,093,380
Dunwoody Nature Center	$190,100
Winwood Hollow Park	$60,300
Total Estimated Sale Price	$6,343,780
Annual Payment	**$457,381**

Capital to Support Service Provision (e.g., Office space for employees)

In order to estimate the basic capital needs to house the employees we used two methods:

Method 1: Employee Count Method: Comparable Cities. This method identifies the likely number of employees who will serve Dunwoody based on the workforces of our comparable cities. From that employee count, we calculate the expected capital cost to support those employees using a reasonable per-employee square footage space requirement. [49]

Method 2: Current Facilities Method. This method uses an inventory of current facilities and lands and their estimated replacement costs to identify the likely capital cost to support employees performing their functions. For estimated employees that are not currently housed in Dunwoody, we estimate capital costs using per-employee footage space requirements.

In the premises of this study, we suggested that quite probably the new city would provide most of its services through contracts with an existing local government such as DeKalb County. In this case, the new city might directly employ only 25-30 people who would oversee these contracts. Identifying the capital costs to support the contract employees (such as an office building to house the staff employed by the county to carry out the contracted services) may seem to be unnecessary. However, even assuming that Dunwoody contracts with the County, the new city would need to include, as part of the contract, capital costs to support those contract employees providing services. This is the case because the county government would likely be unwilling to contractually provide these services unless it is able to fully recoup cost of the service provision, including the employee-related capital costs. Consequently, in developing a cost estimate for capital to support the new city's employees, fiscally speaking, it does not matter a great deal whether these staff are directly employed by the city or are indirectly employed through a contract with the county or another entity.

[49] An attempt was made to identify specific square footage usage of the comparison cities. However, none of the cities contacted were able to provide accurate figures on the square footage used for city functions. A key problem in this regard was the fact that cities often rent facilities that are not tracked by their general services departments.

Method 1: Employee Count Method

The first steps in this estimation process are to identify the likely number of employees that the proposed city would have and the likely number of square feet that these employees would need for their duties. As with the estimation of expenditures, it is uncertain how many additional employees will be required to address the additional responsibilities for governance, administration, municipal court, and other services. In order to address this uncertainty, we developed two estimation methodologies. These estimation steps generally follow those used to identify expenditures.

- **Step A:** identify the average number of employees in a group of comparison cities for fiscal year 2004. These data are presented in Table 6.4
- **Step B:** estimate the average number of employees for the respective areas by a per capita share of DeKalb County employees.

Step A: Comparison Cities

The comparison cities for Dunwoody have populations that are between 16 to 40 percent (or 6,300 to 15,600 persons) smaller than the Dunwoody area population. Because of this difference, we have increased the full-time equivalent counts of public employees for these comparison cities. Because Dunwoody is larger than the comparison cities, it would likely be able to achieve some economies of scale. However, we have chosen a conservative measure and assumed a linear relationship between population and local government staffing, and therefore, adjusted these FTE estimates accordingly.

Table 6.4: Method 1: Comparison-City-Based Estimate of Expected Staffing Level for Proposed[50]

City	Full Time	Part Time	Full Time Equivalent	Dunwoody Full Time
Duluth	117	17	125.5	175.4
Kennesaw	153	14	160.0	214.9
Peachtree City	182	28	196.0	227.4
Average FTE employees[51]				206.0

Based on an examination of a number of studies relating employees to facility needs, we established a range of space-needs per employee that seem reasonable for local government (i.e.,

[50] Data come from the Human Resource Directors for the Cities of Duluth (Ed Johnson) Kennesaw (Leann Keanum) and the FY 2005 Peachtree City annual budget. Part-time employees are assumed to work .5 time. Employees (in Peachtree City) dedicated to fire protection and ambulance services have been removed since we are assuming Dunwoody would not provide these services. Neither Duluth nor Kennesaw provide fire protection services.
[51] Positions counts have been rounded to the nearest half-time position.

between 200 and 300 square feet per employee).

Next, we identified a range of current per-square-foot lease costs for Grade B and C office space and a range of construction costs by square-footage for the Dunwoody area (i.e., $12-$16 per square foot for leases of Grade B or C office space[52] and $85-$100 per square foot for construction). In the construction scenario, we also identified an additional cost to purchase land in the area at an estimated cost of $450,000 per acre.[53]

Step B: Employment based on DeKalb County Workforce

In order to estimate the number of staff who would need capital facilities, we identified the total number of employees in DeKalb County and determined which services were countywide and which provided services only in the unincorporated area. For those services the proposed City of Dunwoody would be likely to provide (i.e., exclude health, fire, etc.), we multiplied the number of +DeKalb County employees in the relevant departments by the percent population in Dunwoody to the larger population (either countywide or total unincorporated). See Table 5.59. By including a portion of personnel providing countywide services, such as the CEO, we attempt to address the indirect costs associated with the services provided only to the unincorporated area.

Table 6.5 summarizes the employee count estimations based on the two methods. The two estimations for Dunwoody diverged by approximately 28 percent. This difference is likely due to two reasons. First, the comparable cities are offering higher levels of services and services that are considered countywide in DeKalb. For example, Peachtree City employs 21.5 FTEs for leisure services not related to Parks and Recreation such as their Kedron Firehouse, Senior Center, and Library. Secondly, DeKalb County is likely able to achieve economies of scale that a smaller municipality might not be able to achieve.

Table 6.5: Summary of Estimated Number of Employees

Comparison City Method	Dekalb County Allocation Method
206	148

Dunwoody Capital Cost for Employees Estimate

In order to establish the range of space-needs for the expected number of employees in a Dunwoody City government, we first took the low estimate for employees (i.e., 148 using the DeKalb County allocation method) and multiplied it by the low estimate of square feet needed to

[52] Cost per square foot lease space represents current commercial space available in Dunwoody. www.atlanta.bizjournals.com/bizspace/ February 20, 2006.
[53] land estimates provided by Advantis Commercial Real Estate Services**,** (404) 262-2828,3455 Peachtree Rd NE, Atlanta, GA 30326, June 21, 2005.

support those (i.e., 200 sq. ft.). Then we took the high estimate for employees (i.e., 206 using the Comparison City method) and multiplied it by the high estimate of square feet needed for supporting the employees of the new government (i.e., 300 sq. ft.).

Table 6.6: High and Low Estimate of Sq. Foot Employee Facility Needs (Comparison-City Basis—All Employees)	
Sq. Feet Facility Needs @ 200 Sq. Feet Per FTE of 148 Employees	29,600
Sq. Feet Facility Needs @ 300 Sq. Feet Per FTE of 206 Employees	61,800

Next, in order to identify the low end of the range of lease cost estimates for Dunwoody, we combined the lower expected square-foot requirements (29,600 sq. ft.) and the lower lease cost per-square-foot estimate ($12). Similarly, to identify the high end of the range of lease cost estimates, we combined the higher expected square-foot requirements (61,800) and the higher cost per-square-foot estimate ($16).

Table 6.7 outlines the low and high estimates for leasing space for employees of a Dunwoody City. The average of the high and low estimates is $672,000.

Table 6.7: Estimates of Annual Costs for Leasing of Facilities to Support Employment		
	Low End	***High End Estimate***
Cost per Sq. Foot	$12	$16
Square-Foot Needs	29,600	61,800
Estimate Annual Cost	$355,200	$988,800

Table 6.8 presents the same low and high range for the construction option, using the same low and high square-foot needs as in Table 6.6 but with a high construction cost of $100 per-square-foot and a low construction cost of $85 per-square-foot. The total construction costs are then financed with 25 year bonds at an interest rate of 5.50 percent per year.

Table 6.8: Construction Cost Estimate		
	Low End	***High End***
Avg. Per Sq. Foot Construction Cost	$85.00	$100.00
Square-Foot Needs	29,600	61,800
Total Construction Cost Est.	$2,516,000	$6,180,000
Land Cost for 2 acres	$900,000	$900,000
Total Cost	$3,416,000	$7,080,000
Avg. Annual Bond Payments	$246,291	$510,462

It should be recognized that these estimates represent costs for housing employees in general use office space. In some instances, the cost of employee space may be less than general use office space (e.g., for some public works facilities) and in some cases it may be more (e.g., for facilities that also need to house major equipment).

In addition, the cost for establishing a governance center can vary substantially from community to community, depending on the desires of the citizens and policy makers. In some cases, centers for governance are combined with more general purpose civic centers. In other cases, a government may employ a courtroom that is not used in the evening hours to hold its meetings. Consequently, the cost for a governance center can range from being very minimal (i.e., supplying utilities and janitorial services) to several million dollars for a well-designed city hall. For the purposes of this study, we assume that the City of Dunwoody will incur annual expenses of $25,000 for a low-end estimate and $75,000 for a high-end estimate with an average estimate of $50,000.

Summary of Employee Count Method Estimates

Table 6.9 : Dunwoody Employee Count Estimation Method Summary		
	Low Estimate	**High Estimate**
Annualized Capital Cost	$246,291	$988,800
Average	$617,546	

Method 2: Current Facilities Method

In this method, we examine the current facilities that DeKalb County operates and dedicates to the provision of services in the specific area of interest. The major facilities that are specifically dedicated to housing staff that serve Dunwoody are used by the fire and police services; however the former is not considered for this report. DeKalb County maintains one police precinct to serve northern DeKalb County. Table 6.10 shows the number of police employees that are identified as working in this facility and lists its appraised market value. The excess capacity offers Dunwoody an opportunity to co-locate public safety related services such as a specialized police services (which the DeKalb County Police Department has located elsewhere) or a municipal court. Please note that calculated bond payments are based on debt repaid over 25 years at 5.50 percent interest.

Table 6.10: Current Police Serving Dunwoody the Area	
Police Dept Employees Currently Assigned to North Precinct	116
Estimated Police Employees with Enhanced Benchmark	50
Excess Capacity in terms of police officers	66
Appraised Value of North Precinct	$1,396,200
Annualized Cost for Bond Payments	$100,665

In addition to the Police Precinct, Brook Run does have an administrative building for the Parks and Recreation Department. We are assuming that Dunwoody will also house its Parks and Recreation staff there. The cost for this building is included with the purchase price of the park listed earlier. Using the employee estimates given in Table 5.59 to estimate Human Resource expenditures, we assume Dunwoody will have 15.5 FTEs for Parks and Recreation for the DeKalb County Allocation. For the Comparable Cities, we increased the 15.5 FTE DeKalb County count by 28 percent to account for the difference between the two methods.

We do not have the ability to clearly identify other non-police, non-recreational facility space that specifically serve the Dunwoody area. Therefore, we use the following methodology to estimate the cost of the remaining needed facilities.

1. Subtract the number employees who we estimate will be housed in the police precinct and Brook Run facilities (i.e., facilities whose capital costs are accounted for) from the total estimated number of employees for the proposed City of Dunwoody. The employees remaining are those whose facility requirements still need estimation.

Table 6.11: Estimated Employees Not Housed in Existing Facilities			
	Total Estimated Employees	**Employees Housed in Brook Run & North Police Precinct**	**Employees Remaining**
DeKalb County Allocation	148	60.5	82.5
Comparable Cities	206	70.0	136

2. Use the capital cost estimation methodology outlined above to identify the cost of housing these remaining employees

Table 6.12: High and Low Estimate of Sq. Foot Employee Facility Needs (Remaining Employees)	
Sq. Feet Facility Needs @ 200 Sq. Feet Per FTE of XX Employees	**16,500**
Sq. Feet Facility Needs @ 300 Sq. Feet Per FTE of XX Employees	**40,800**

Table 6.13: Estimates of Annual Costs for Leasing Space (Remaining Employees)		
	Low End	***High End Estimate***
Cost per Sq. Foot	$12	$16
Square-Foot Needs	16,500	40,800
Estimate Annual Cost	$198,000	$652,800

Table 6.14: Construction Cost Estimate (Remaining Employees)		
	Low End Estimate	***High End Estimate***
Average Per Sq. Foot Construction Cost	$85.00	$100.00
Square-Foot Needs	16,500	40,800
Total Construction Cost Est.	$1,402,500	$4,080,000
Land Cost for 1 Acre	$450,000	$450,000
Total Cost	$1,852,500	$453,000
Average Per Year Bond Payments[54]	$133,564	$326,609

Summary of Existing Capital Method for Estimating Employee Capital Needs

Table 6.15: Existing Capital Method Summary		
	Low Estimate	**High Estimate**
Annualized Existing Capital Cost (police precinct)	$100,665	$100,665
Annualized Remaining Employee Capital Costs	$133,564	$326,609
Total	$234,229	$427,274
Average	$330,752	

[54] Bond payments over 25 years at 5.25% interest.

The following table summarizes and presents averages of the capital cost estimates for employees using the two estimation methods.

Table 6.16: Dunwoody Summary: Annual Cost of Capital Needs for Employees		
	Low Estimate	**High Estimate**
Employee Count Method	$246,291	$988,800
Current Facilities Method	$234,229	$427,274
Average of All Methods--All Estimates	$474,149	
Estimate of Government Center Costs	$50,000	
Total Estimate	**$524,149**	

Major Equipment: Start Up

We assume the new city will purchase new vehicles rather than try to purchase existing vehicles from DeKalb County. For the police vehicles, we estimated the value based on a new police cruiser valued at $31,000. The other departments with potential need for major equipment are the Department's of Community Development, Facilities Management, Parks and Recreation, and Public Works. Using the benchmark number of estimated vehicles from Tables 5.52 and 5.53, we calculate the capital cost of purchasing these vehicles. We estimate the light vehicles (i.e., trucks, cars) with additional equipment to cost on average $25,000. At this amount, we can account for differences in commercial grade trucks among the departments (i.e., less expensive vehicles for Community Development and vise versa for public works, facilities management). We assume Dunwoody will finance these vehicles for five years at an interest rate of 6.5 percent.

Dunwoody will also need to either lease or purchase major road construction and landscaping vehicles in order to maintain city roads and landscape rights of way and city parks. In the instance Dunwoody decided to contract for these services, the contract cost would include replacing this kind of equipment. We have assumed Dunwoody will have a lease purchase agreement to finance large and/or specialized equipment. To determine the appropriate dollar amount, we reviewed Athens-Clarke County's vehicle inventory for these three services and divided the replacement value of the Athens vehicles by miles of road maintained (road maintenance and rights of way landscaping) and acres of park maintained (parks maintenance) to equalize the level of equipment Dunwoody may need.[55] Because of the extended length of time

[55] Athens road maintenance vehicle inventory per lane mile equals $2,338 while the rights of way landscaping inventory equals $388. Dunwoody is estimated to have 321.4 lane miles, requiring an investment of $751,433 for road construction vehicles and $124,703 for rights of way vehicles. The parks maintenance vehicle inventory per park acre equals $73.

this kind of equipment can be utilized, the equipment has been financed for 15 years at a 5.5% interest rate.

Table 6.17: Major Equipment	
Item	**Estimated Value**
Police Vehicles (enhanced standard – 18)	$558,000
Police Vehicles (enhanced standard – 27)	$837,000
Community Development (6 total)	$150,000
Facilities Management (2)	$50,000
Park and Recreation (2)	$50,000
Public Works (4)	$100,000
TOTAL BASIC STANDARD	$908,000
Annual Financing Cost: Light/Police Vehicles Basic Standard (5 years @ 6.5%)	*$213,193*
TOTAL ENHANCED STANDARD	$1,187,000
Annual Financing Cost: Light/Police Vehicles Enhanced Standard (5 years @ 6.5%)	*$278,700*
Annual Financing Cost: Road Maintenance Equipment (15 years @ 5.5%)	$72,326
Annual Finance Cost: Landscaping Equipment (15 years @ 5.5%)	$13,062
Total Annual Equipment Costs Basic Standard	**$298,581**
Total Annual Equipment Costs Enhanced Standard	**$364,088**

Other Equipment: Start Up

Both methods of accounting for expected municipal expenditures outlined above provided a one-year estimate for the cost of equipment to support a municipal government the size of Dunwoody. In the comparison city method, equipment purchases were also included in the total operating expenditures for comparison cities.

However, as with facility costs, there is a potential for a newly incorporated city to assume some start-up equipment costs whether or not it contracts with DeKalb County or another entity for most services. If it did not contract, it would need to equip its staff completely at the point of service initiation; if it did contract, it is likely that the contractor would include the apportioned value of the needed equipment as part of the contract cost.

Whereas land and facilities tend to have either no or fairly long-term replacement costs, equipment generally requires replacement over a shorter period of time (e.g., 3-5 years).

An incorporated city that chose to provide its own services would need to purchase, at one time, the entire array of equipment required to support these services. Assuming an average four-year replacement cycle, the start-up costs would be four times the estimated annual cost for equipment. However, we also need to account for the fact that the set of new equipment would reduce annual replacement costs during the next four year cycle.

For the purposes of this report, we assumed that the new city will be able to finance the purchase or lease of start-up equipment (that will last for approximately four years on average). Normally, a government is only financing one-fourth of the cost of this equipment in any one year. In the new city scenario, however, the government will need to finance the entire four-years' worth of equipment. However, once we discount this cost by the added value of having all new equipment, the additional cost is simply the added financing charges for three years of financing rather than one year. Given these assumptions, the new cities would need to pay this additional financing charge for the first three years after their founding. After that time, no additional equipment costs are needed over and above the annual equipment cost estimate which is included in the operational cost estimation methods outlined above.

In order to estimate start-up cost of equipment for a new city, we estimate that on average two percent of local government operational expenditures are for equipment.[56]

In addition to the equipment itself, the "transition cost" for equipment needed is estimated to be the cost of financing the equipment expenses for three years. The table below presents the calculations of these transition costs for Dunwoody. These costs are one-time only and are reported for informational purposes only; they are not included in the fiscal feasibility estimate as they are not costs that will place a substantial or long-term burden on area taxpayers.

Table 6.18: Estimate of Equipment Expenditures Transition Cost

Estimate of Operational Expenditures	$11,511,337
Estimated Percent of Operational Expenditures that are Equipment	2%
Estimate of Annual Equipment Expenditures	$230,227
Estimate of 3 Years of Equipment Expenditures	$690,681
Annual Financing Cost of 3 Years of Equipment (interest)	$37,987

[56] John Culpepper, Finance Director for Athens-Clarke County.

Road Improvement Projects

The Dunwoody area has a number of scheduled Georgia Department of Transportation projects that require a local match in order to complete those projects, particularly in the Perimeter Community Improvement District (PCID). Capital improvement projects are typically financed for a 5-6 year period according to Government Finance Officers Association (GFOA) guidelines. Table 6.19 lists the various projects in the Dunwoody area, the sponsor for each project, the local funding match needed to complete them, and the current phase of the project.[57] The sponsor is responsible for the local match requirement. Therefore, for projects where the PCID is the sponsor, we assume that organization will pay the match from their special tax assessment. In some cases, the project is far enough along so that DeKalb County has already met the match requirement while in others the project has been moved to long-term planning, meaning that no local match will necessary in the near future. In sum, the total match required only considers the near-term potential liabilities for a city of Dunwoody. The cost of the projects is assumed to be financed over a six year period at an interest rate of 5.5 percent. Actual costs during the initial years may be less as only the design and right-of-way acquisition costs are incurred during this period.

[57] From State Transportation Improvement Plan and conversation with Barbara Holmes at GDOT.

Table 6.19: Georgia Department of Transportation Projects in Dunwoody 2006- 2010[58]

Project Title	Project Sponsor	Local Match	Current Construction Phase
Perimeter Center North	GRTA/DeKalb	met	CST -Feb/06
Ashford Dunwoody Rd (at Ashford Green)	PCID	n/a	Long-range/PE
Ashford Dunwoody Rd (at Ashford Pkwy North)	GRTA/DeKalb	$168,125	PE/Rt. of Way
Ashford Dunwoody Rd (at Ashford Pkwy South)	GRTA/DeKalb	$168,125	PE
Ashford Dunwoody Rd (at Mount Vernon Rd)	GRTA/DeKalb	$168,125	PE/Rt. of Way
Perimeter Center Pkwy (at Mall Entrance)	GRTA/DeKalb	$125,000	PE/Rt. of Way
Perimeter Center West (at Perimeter Ctr Pkwy)	GRTA/DeKalb	$125,000	Rt. of Way/CST
Perimeter Center West (at BellSouth Entrance)	GRTA/DeKalb	$135,000	Rt. of Way/CST
Perimeter Center West (at Mall Entrance)	GRTA/DeKalb	$135,000	Rt. of Way/CST
Perimeter Center West (at Meadow Ln)	GRTA/DeKalb	$125,000	Rt. of Way/CST
Ashford Dunwoody Rd (at Ashford Gables Dr)	GRTA/DeKalb	$168,125	PE
Ashford Dunwoody Rd (at Ravinia Dr)	GRTA/DeKalb	met	Rt. of Way/CST
Hammond Drive (at Mall Entrance)	GRTA/DeKalb	met	CST -Feb/06
Perimeter Center Pkwy Pedestrian Improvements	GRTA/DeKalb	$596,240	PE/Rt. of Way
Perimeter Center Pkwy Modal Transitscape	PCID	$329,340	PE/Planning
Perimeter Center Area Sidewalks East of Ashford Dunwoody Rd	PCID	$75,500	CST
Perimeter Center Area Sidewalks West of Ashford Dunwoody Rd	PCID	$79,000	Rt. of Way/CST
Perimeter Center West Pedestrian Improvements	GRTA/DeKalb	$601,600	PE/CST
Perimeter Center Area Wayfinding Signage	PCID	$152,000	PE
Perimeter Center Area Fiber Optic	DeKalb	$266,000	No signed agreement
Hammond Drive (at Fulton County line)	DeKalb	$729,000	No signed agreement
Dunwoody MARTA Station Improvements	MARTA	n/a	Not in STIP
I-285 (at SR 400)	GDOT	$0	No signed agreement
Total Dunwoody Match		**$3,510,340**	
Annual Financing Cost (6yrs @5.5%)		**$688,218**	

[58] CST: Construction Start Time (phase of project); GDOT: Georgia Department of Transportation; GRTA: Georgia Regional Transportation Authority; MARTA: Metropolitan Area Rapid Transit Authority; PCID: Perimeter Community Improvement District; PE: Physical Engineering (phase of project);

Summary of Start Up Capital and Equipment Transition Costs

Table 6.20 summarizes the average estimates for the total annual cost of capital for Dunwoody. The average estimate is based on the assumption that the new city will pay DeKalb County for the parks and police precinct.

Table 6.20: Summary of Start-Up Capital (Annual Cost)

	Basic Estimate	Enhanced Estimate
Capital For Direct Use by Residents (e.g., Parks)	$457,381	$457,381
Capital to Support Service Provision (e.g., office space for employees)	$524,149	$524,149
Major Equipment	$298,581	$364,088
Road Project Match	$688,218	$688,218
TOTALS	**$1,968,329**	**$2,033,836**
Per Capita	**50.06**	**51.73**

On-Going Capital Expenditures

In addition to start-up capital, the new cities will need to regularly undertake significant capital expenditures for maintenance of capital assets, land, and equipment. While annual operations' budgets for cities tend to be fairly stable across years, capital budgets tend to be highly variable. Capital spending may account for a very small percentage of a government's total budget in some years and a much larger percentage in other years.

In order to smooth out this variability, we identified per capita spending for capital expenditures by service as a percentage of total per capita municipal spending across all cities in Georgia.[59] We only considered services which we anticipate Dunwoody will provide (e.g., excludes fire, ambulance, health, library). See Appendix C for list of services we included. For all Georgia cities in 2004, the average per capita expenditures for on-going purchases of capital equaled 17.5 percent of operating expenditures ($97.77 spent on land and construction and $558.88 spent on operating).

Next, we estimated the annualized on-going capital costs for the comparison group cities by multiplying 17.5 percent by the per capita operational expenditures of the comparison cities for the services applicable to Dunwoody (e.g., fire, ambulance, library excluded). This calculation results in an estimated annual cost for on-going capital of $65.00 per capita for Dunwoody's

[59] Excludes debt service payments, eliminating any overlap or double counting of a jurisdiction's prior year capital expenditures.

comparison cities. Since the benchmark operating cost estimates are less than the Georgia comparison cities, the on-going capital estimates are less as well.

Table 6.21: Per Capita On-Going Capital Estimates Using Comparison Cities and Benchmark Operating Expenditures

	Average GA Comp+arable Cities	Basic Benchmark Scenario	Enhanced Benchmark Scenario
Per Capita Operating Expenditures	$374.00	$220.23	$284.07
Percent of Capital Expenditures to Operational Expenditures	17.5%	17.5%	17.5%
Estimated On-Going Capital Expenditures	**$65.45**	**$38.54**	**$49.71**
Dunwoody Total On-Going Capital Expenditures	**$2,573,429**	**$1,515,354**	**$1,954,547**

Chapter 7
Revenues

In developing an estimate of the revenues that a newly incorporated Dunwoody would receive, we make the following assumptions:

- That the new city will set charges for services at the same level as is currently effective in DeKalb County.
- That the new city will set tax rates for incorporated area-only taxes (e.g., alcohol, hotel-motel, etc.) at the same level as is currently effective in DeKalb County.
- That the new city will collect franchise fees and municipal court fines either at rates equivalent to those of the average of comparison communities or in proportion to their share of the population for the jurisdiction collecting the fees.

In developing revenue estimates for this study, Institute faculty interviewed managers and staff from DeKalb County and the DeKalb County Tax Commissioner's Office. In a few cases, we were provided with exact or actual amounts of revenue currently being collected from the Dunwoody area. In other cases, we needed to estimate the amount that this area would be able to collect upon its incorporation.

The following outlines the steps taken in estimating revenues for the potential city:

Step 1: Identify a conservative estimate of likely non-sales tax revenues for the new city.
Step 2: Estimate franchise fees for the new city.
Step 3: Estimate potential Homestead Option Sales Tax (HOST) Revenue based on previous inter-local agreements between existing cities and DeKalb County and proposed legislation.
Step 4: Aggregate the revenue estimates and calculate the estimated per capita revenue for the proposed city with and without Step 3 (HOST).

Step 1: Identify a conservative estimate of likely revenues for the new city.

The amount of revenue realized by the proposed city in DeKalb County will depend on a variety of factors such as the concentration of commercial, industrial, and other high value properties; the amount of usable hotel and motel space; the number and value of real estate transactions and building permits; the number of establishments serving or selling alcohol; and the like.

The revenue estimates outlined below include all major revenue sources. The real property tax and property tax penalty estimates were provided by the DeKalb County Tax Commissioner based on data runs. However, the remaining revenue estimates were determined by identifying the total amount of revenue drawn from the unincorporated area and apportioning this amount to the Dunwoody area based on one several types of ratios. The primary bases used for estimating Dunwoody's portion of DeKalb County revenues are given in Table 7.1. The method for determining how much revenue should be assigned as coming from the Dunwoody area is described in Table 7.2.

Table 7.1: Relevant Percentages for Dunwoody to DeKalb County, 2004[60]	
Dunwoody Pct of Assessed Value (AV) to Unincorporated DeKalb (real property only)	12.73%
Dunwoody Pct of Real Commercial (AV) to Unincorporated DeKalb Real Commercial Property	21.71%
Dunwoody Pct of Real Residential Property (AV) to Unincorporated DeKalb Real Residential Property	11.31%
Dunwoody Population Pct of Unincorporated DeKalb	6.67%
Dunwoody Population Pct of Countywide	5.82%

Because of limited geographically-based data for some revenues such as excise taxes (e.g., bank shares taxes) business licenses, charges for services (e.g., recreation, paper copies), and community development revenues (e.g., building permits, code enforcement), we relied on population and assessed value ratios to estimate the revenues attributable to the Dunwoody area. Since we did not know the specific amount of general business license revenue collected in the Dunwoody area, nor the gross receipts of business in the area, nor even the total number of businesses, we chose the percent of commercial assessed property as the proxy measure based on the assumption that commercial property value is positively correlated with gross business receipts. Similarly, we used the percent of residential property in Dunwoody to determine motor vehicle taxes based on the assumption that the price of individuals pay for motor vehicles would positively correlate to prices paid for their homes. For community development revenues which are generally determined by the level of growth in an area, we used a combination of population and property value. We believe these population and property value bases likely results in conservative revenue estimates and therefore should avoid problems associated with overestimation.

In some cases we are able to use a more specific and reasonable proxy measure to estimate revenues. In the case of alcohol taxes and beverage licenses, we used the percent of restaurants or catering services that serve alcohol in the Dunwoody area to the percent of business licenses issued (renewed) in DeKalb County. Because several of these restaurants are near the Perimeter Mall area, the restaurants likely attract business well beyond the Dunwoody population, therefore, a strait per capita measure is inappropriate. The number of confirmed businesses that serve alcohol in the Dunwoody area equaled 7.29 percent to the number of renewed beverage licenses for beer and wine which is only slightly larger than the per capita figure of 6.67 percent. Therefore, even the restaurant basis is likely to be conservative.

[60] Property Tax information comes from DeKalb County Tax Commissioner and GA Dept of Revenue Consolidated Tax Digest. Population information comes from the US Census Bureau.

Table 7.2: Dunwoody Revenue Estimates: Existing Sources		
Revenue Source	**Data Source**	**Amount**
Real Property Taxes	Tax Commissioner Estimate	$3,703,612
Property Taxes - Penalties	Tax Commissioner Estimate	$140,432
Personal Property Taxes	Ratio Commercial Personal Property (AV) to Unincorporated Commercial Real Property (AV)	$772,184
Utility Taxes	Pct. Dunwoody Utility Property (AV) to Unincorporated County Utility Property	$22,584
Heavy Equipment Tax	Pct. Dunwoody Property (AV) to Unincorporated DeKalb Property (AV)	$142
Motor Vehicles	Pct Dunwoody Residential Property (AV) to Unincorporated Residential Property	$438,101
Motor Vehicles – Penalties	Pct. of Penalties to Real Property Taxes Paid times County Motor Vehicles Penalties	$92,606
Intangible	Pct. Dunwoody Property (AV) to Unincorporated County Property Value	$180,430
Beverage Tax Excise Taxes	Pct restaurants serve alcohol to number of Beverage license accounts (974)	$308,836
Hotel/Motel Tax	Percent Hotel Rooms	$796,475
Insurance Premiums	2004 Census Population-based Estimate	$1,593,548
Bank Shares Tax	2004 Census Population-based Estimate	$37,064
Business License-Beverages	Pct. restaurants serve alcohol in Dunwoody to number of beverage license accounts (974) or Pct Package Stores to Package Store Accts (92)	$94,035
Business License – General	Pct. Dunwoody Commercial Prop. (AV) to Unincorporated County Commercial Prop.	$2,547,187
Business License – Police	2004 Census Population-based Estimate-less adult entertainment permits	$28,494
Community Development Licenses, Permits, Charges	50% of Revenues = Population Estimate 50% of Revenues = Pct of Property Values	$725,040
Charges for Services: EX: Copies, Recreation, Public Works, Finger Printing	2004 Census Population-based Estimate	$47,276
Sale of Printed Material-Police	Pct of Officers Dedicated to Dunwoody to Total County Number of Police Officers	$27,658
State Homestead Tax Credit	Millage Rate times $8,000 AV times number of homesteads in Dunwoody	$213,973
State Grant-Community Development Block Grant	Comparison Cities: 5 Year Average	$46,919
Police Grant	Comparison Cities: 5 Year Average	$18,369
Fines & Forfeitures	2004 Census Population-based Estimate	$1,067,032
Law Enforcement - Confiscated Property	Pct of Officers Dedicated to Dunwoody to Total County Number of Police Officers	$33,773
Miscellaneous	Discount County revenue 50% for land sales Remaining: 2004 Census Population-based Estimate	$94,608
Investment Income	Pct. Dunwoody Revenue to Designated Services Fund Revenue	$15,713
Total Revenue Estimate -		**$13,023,365**
Per Capita Revenue		**$331.22**

Step 2: Estimate Franchise Fees for Dunwoody.

As an incorporated municipality, Dunwoody would be eligible for new sources of revenue in the form of franchise fees on electricity, gas, telecommunications, and cable. Because franchise fees can vary on a number of dimensions besides the number of nonpublic utilities, we chose Peachtree City, Kennesaw, and Decatur as appropriate comparison communities. The estimate is based on an analysis of demographics and the mix of property classes in the areas of interest. By using comparable cities as a basis for determining franchise fee revenue, we are assuming Dunwoody and Dunwoody's residents and businesses would behave similarly to those in the comparison cities. Furthermore, we assume that the City of Dunwoody will negotiate franchise fees, such as for natural gas, similarly to the comparison cities.

The percentage of fees coming from the different utilities will probably vary by such factors as:

- Different community needs for gas or electricity to provide heat.
- Different levels of community industrialization which would suggest different usages of electrical power.
- Different community use of cable versus satellite or broadcast reception.

In order to address all of these factors, we identified Peachtree City as a comparison city on which to base a more current and relevant breakdown of franchise fee revenue sources. Peachtree City was chosen as a comparison community because it is in the same climate area as Dunwoody has similar population levels and demographics as Dunwoody. We also examined data relevant to other comparison community candidates (e.g., Doraville) and excluded them based on the community having an industrial user of utilities that might skew the estimation (i.e., General Motors Assembly Facility).

Table 7.3 presents the breakdown of the franchise fee sources and proportions of the total revenue by source for Peachree City in 2004.

Table 7.3: Peachtree City Franchise Tax Revenue by Category

Electric	64.98%
Gas	12.38%
Telecommunications	13.38%
cable	9.25%
	100.00%

Franchise Fee Calculation

The estimation of franchise fee revenues for Dunwoody under the condition of municipal incorporation is based on the following calculation steps:

Identify a base amount of per capita revenue Dunwoody might expect from franchise fees based on the assumption that per capita franchise fees in Dunwoody will likely be similar to communities that are similarly situated. To arrive at this base we averaged the 2004 per capita franchise fees for Peachtree City, Kennesaw, and Decatur.[61]

Table 7.4: Per Capita Franchise Fees in Similarly Situated Communities

	Population	Franchise Fees	Per Capita
Peachtree City	33,010	$1,892,417	$57.33
Kennesaw	25,816	$956,606	$37.05
Decatur	17,859	$1,033,939	$57.89
Average			$50.76

Adjust the base estimate of $50.76 to account for the current collection of cable franchise fees by DeKalb County.

Table 7.5 outlines the 2004 DeKalb County cable franchise fees and per capita fees.

Table 7.5: 2004 Per Capita Cable Franchise Fees for DeKalb County

	Population	Franchise Fees	Per Capita
DeKalb Unincorporated	589,225	$5,151,397	$8.74

Table 7.6 presents the adjustment in the base franchise fee estimate due to the existing collection of cable franchise fees.

[61] Decatur was chosen because of its proximity to Dunwoody and similar density. Doraville was seen as an inappropriate comparison because of its high industrial property base.

Table 7.6: Adjustment of Base Per Capita Estimate due to DeKalb County's Cable Franchise Fee Collection	
	Per Capita
Base Estimate for all Franchise Fees	$50.76
Existing County Collection for Cable	$8.74
Adjusted Base Estimate	$42.02

Separate out the franchise fees that are likely to be driven by general population factors rather than factors such as use of energy that may differ substantially by community.

The franchise fees that are likely to be driven by general population factors include telecommunications (telecom) and gas franchise fees. In this step, we assume that the per capita telecom and gas franchise fees for newly incorporated Dunwoody will be approximately the same on proportional basis as the average per capita fees of our similarly situated communities. To calculate this population-based element of franchise fees, we first add the proportion of all franchise fees that are accounted for in the key comparison community (Peachtree City) by telecom and gas franchise fees. This totals to 25.76 percent.

Table 7.7: Total Proportion of Franchise Fees Accounted for by Population-based Fees	
	Percent of All Franchise Fees
Gas	12.38%
Telecommunications	13.38%
Total	25.76%

When we take 25.76 percent of the average per capita franchise fees for the similarly situated communities (0.2576 x 50.76), we arrive at an estimate of $13.08 for the population-based franchise fee component.

When we add the estimate of $13.08 for the population based franchise fee component to the $8.74 in existing cable franchise fees, we arrive at a total of $21.82 in accounted for franchise fees and $28.94 in potential electrical use franchise fees that need to be accounted for or adjusted based on community differences.

Total Per Capita	**Gas and Telecom Per Capita**	**Cable Per Capita**	**Electrical Per Capita**
$50.76	$13.08	$8.74	$28.94

Adjust the expected franchise fees from the electrical use component of total franchise fees by a factor that can help account for possible differences in energy use in Dunwoody and the similarly situated communities.

The key driver of electrical use in communities is the mix of electrical users. In particular and on average, industrial users tend to use more power than commercial users, and commercial users tend to use more than residential users. Because land use data tend to track electricity use data (which is not available from power companies at the level of geographic detail that is needed for this analysis) land use and particularly the level of land improvements (e.g., building values) provides a key proxy indicator of electricity use.

We know from statewide data (calculated for this study) that the different sectors of land use consume different amounts of electricity per dollar value of property in that land use. As Table 7.8 presents, industrial property is a larger consumer of electricity per dollar value of the property than other types of property. Although industrial property accounts for only 6.3 percent of all property values in the state, it accounts for over 30 percent of electrical use. In terms of a ratio, industrial property consumes nearly six times as much electricity per dollar value of property than residential property.

Table 7.8: Statewide Electrical Energy Use and Property Classes

	Percentage of Property Values	Amount of Electricity Used	Percent of Electricity Use	Standardized Ratio to Residential Expected Electricity Use
Industrial Property	6.30%	36085	30.69%	5.9514
Commercial Property	26.70%	36951	31.42%	1.4380
Residential Property	46.30%	44560	37.89%	1.0000

Based on these relationships, we can estimate the likely electrical franchise fee revenue for the area of interest by identifying the degree to which this area diverges from the comparison areas in terms of property values in the key property class types.

To identify the property values by the key property classes (industrial, residential, and commercial), we drew data from the Consolidated Digests of the Dunwoody area and the similarly situated communities. Table 7.9 presents the aggregate of these assessed property values by property class for the three communities.

Table 7.9: Assessed Values of Key Property Classes in Similarly Situated Communities		
	Assessed Value (combined)	**Percent of Total**
Total Gross Digest	3,270,226,280	100.00%
Total Industrial & Utility	$254,165,364	7.77%
Total Commercial	$714,002,276	21.84%
Total Residential/Other	$2,531,518,012	70.39%

Table 7.10: Assessed Values of Key Property Classes in Dunwoody Area		
	Assessed Value	Percent of Total
Total Gross Digest	$2,175,586,622	100.00%
Total Industrial & Utility	$10,394,200	0.48%
Total Commercial	$845,032,099	38.84%
Total Residential	$1,320,160,323	60.68%

Next, we standardized the property class value percentages around the standard residential values (See Tables 7.11 and 7.12). To perform this operation, we first identified the percentage of the commercial and industrial property values in the comparable cities that were greater or less than those in the Dunwoody area. For industrial property, the average of comparable cities property values was 7.3 percentage points more than in Dunwoody. For commercial property, Dunwoody had 17 percentage points more in property values than the comparison communities.

Because industrial property (on a per dollar of property value basis) is expected to use approximately 5.95 times the electricity per dollar of residential property value, and because Dunwoody has a smaller percentage of industrial property than the comparison communities, we need to adjust the expected franchise fees from electricity use downward.

Similarly, because commercial property is expected to use approximately 43.8 percent more electricity per dollar of property value than residential property, and because Dunwoody has a significantly higher percentage of commercial property than is the case with the comparison communities, an estimate of energy use based on comparison communities for this type of property would need to be adjusted upward.

The way we accomplish these adjustments is to standardize estimated energy use by multiplying (for both Dunwoody and the comparison communities) the percentage of property values for each class of property times the ratio of expected energy use for each property class (with the base of the ratio being residential energy use).

Table 7.11: Standardized Energy Use in Dunwoody			
Property Land Use Classification	**Percent of Total Land Use**	**Electricity Use Ratio**	**Standardized Energy Use**
Total Industrial & Utility	0.48%	5.95	0.0286
Total Commercial	38.84%	1.43	0.5554
Total Residential	60.68%	1.00	0.6068
Total Standardized Electrical Energy Use			1.1908

Table 7.12: Standardized Energy Use in Comparison Cities			
Property Land Use Classification	**Percent of Total Land Use**	**Electricity Use Ratio**	**Standardized Energy Use**
Total Industrial & Utility	7.77%	5.95	0.4623
Total Commercial	21.84%	1.43	0.3123
Total Residential	70.39%	1	0.7039
Total Standardized Electrical Energy Use			1.4785

Next we calculate the proportion of the standardized comparison community's energy use that the estimate of a standardized Dunwoody energy use represents. The result of this calculation is presented in Table 7.13.

Table 7.13: Percent Difference between Dunwoody and Comparison Cities Standardized Electrical Energy Use	
Dunwoody Total Standardized Electrical Energy Use	1.1908
Comparison Community Total Standardized Electrical Energy Use	1.4785
Percent Difference between Standardized Electrical Energy Use	80.54%

When we apply this percentage to the estimate of potential per capita electrical franchise fees of $44.19 for the comparison communities, we arrive at an estimate of the per capita electrical component franchise fees for a newly incorporated Dunwoody.

Table 7.14: Per Capita Estimate of Electrical Franchise Fees for Dunwoody	
Estimate of Per Capita Electrical Franchise Fees for Comparison Cities	$28.94
Percent of Comparison City's Electrical use Estimated for Unincorporated DeKalb	80.54%
Estimate of Per Capita Electrical Franchise Fees for Newly Incorporated DeKalb	$23.31

Summarize New Franchise Fees Factors

Table 7.15: Total Estimated Franchise Fees for Dunwoody	
	Fee Per Capita
Per Capita Telecommunications and Gas	$13.08
Per Capita Cable	$8.74
Per Capita Electric Utility	$23.31
Total Per Capita Franchise Fees	**$45.13**
Total Franchise Fees	**$1,774,466**

Step 3: Estimate Homestead Option Sales Tax Revenue

DeKalb County is one of only two counties in the state that levy a Homestead Option Sales Tax (HOST) rather than a Local Option Sales Tax (LOST). This distinction is important because the legal requirements of HOST differ substantially from LOST. The most important aspect of HOST is how the law mandates revenues be spent, which states that at least 80 percent of the prior year's sales tax collection be dedicated to providing property tax relief for qualified homesteads and no more than 20 percent be spent on capital projects. Furthermore, as the law is currently interpreted and implemented, sales tax revenues remain with the county and are not shared with cities. This latter issue is facing court challenges by cities in DeKalb due to interlocal agreements signed by the cities and the County. The General Assembly is also considering legislation that would require the County to share some of its sales tax revenues with cities.

Because of these possible changes in HOST law, we are including an estimate of Dunwoody revenue with and without HOST revenue. To determine how much revenue Dunwoody might collect if HOST were shared with cities, we used the distribution formula from the proposed legislation, AB 1416, which is similar to the distribution formula in the inter-local agreements (currently in legal dispute) signed by the county and existing cities. The purpose of the distribution formula is to equalize HOST benefits between city and unincorporated county qualified homeowners. For the purposes of estimating HOST revenue for Dunwoody, we calculate the benefit given to qualified, Dunwoody Homeowners on their 2004 property taxes. The calculation sums the individual assessed values (AV) for properties with qualified homesteads and subtracts the appropriate county homestead exemption (based on exemption code) and the state tax credit equal to $8,000 of AV. This net AV is multiplied by the 2004 Unincorporated Tax District millage rate of 2.69 and the value of the HOST exemption in 2004 (59.7%) for a total of $1,660,358.

Finally, as an elastic tax, sales tax collections are highly dependent on the current economic conditions of the community. Because the regional economy appears to be fairly solid and surrounding counties are not developing major retail outlets such as a mall that would significantly decrease Dekalb County revenues, this revenue should not be much less than estimated in the short term.

Step 4: Summarize Revenues: Aggregate the revenue estimates to identify the total and estimated per capita revenue for the new cities.

Table 7.16: Summary of Estimated Revenue Streams

	Total	Per Capita
Revenues from Existing Sources	$13,023,365	$331.22
Est. Franchise Fees	$1,774,466	$45.13
Total with Status Quo	**$14,797,832**	**$376.35**
Homestead Option Sales Tax	$1,660,358	$42.23
Total with HOST	**$16,458,190**	**$418.58**

Revenue Capture Transition

The revenue estimates presented above are estimates of the likely revenue that would be available to the city upon the complete implementation of departments and revenue-generating programs. In actuality, during the first year or two of establishment of a new city it may not be possible to capture 100 percent of the revenue stream for some revenue sources such as municipal court fines, intergovernmental grants, or franchise fees. This is the case because the ordinances or programs needed to capture these revenues may not be completely in place during this transition period.

Chapter 8
Fiscal Impacts on Governments and Taxpayers

The fiscal impacts of an incorporation of Dunwoody can be grouped into two categories:[62]

- The likely feasibility of the new city.
- The likely impact on the budget of DeKalb County.

The Feasibility of the New City
The determination of fiscal feasibility examines the difference between estimated revenues and expenditures, and within the expenditure category we include annual costs for operating, purchasing start-up capital and on-going capital.

In determining operating expenditures, fiscal feasibility for a new city can be defined in various ways. For the purposes of a fiscal impact study, the Carl Vinson Institute of Government uses two related definitions.

Definition 1: the ability of the proposed city to provide a level of service that is comparable to cities of a similar size and demographics in the immediate economic region—without having to raise tax rates or fee schedules. Therefore, we are assuming the City of Dunwoody would provide the same level of services as these comparison cities. For the incorporation study of Dunwoody, we chose three cities in the Atlanta Metropolitan area:

Peachtree City: population 33,010
Kennesaw: population 25,816
Duluth: population 23,697

Definition 2: the ability of the proposed city to provide a level of service that is comparable to performance benchmarks—without having to raise tax rates or fee schedules. Therefore, we are assuming the City of Dunwoody would provide the same level of services at similar levels of efficiency as the performance benchmarks. These benchmarks were selected from a nationwide database compiled by the International City/County Managers Association for the years 2003-2005.

Fiscal feasibility assumes that a new city would be able to expend the same amount of funds as is currently expended by the county government. The above definitions do not consider the actual expenditures or levels of service currently provided by DeKalb County. This view of feasibility is beyond the scope of this report. The above definitions are estimates but the actual level of services will depend in part on the relative efficiency of the new city administration.

[62] Because HOST does not have a statutorily mandated revenue sharing with cities (like LOST), the impact of Dunwoody incorporating would be minimal.

Capital
Costs for capital were broken into two types: start-up capital and on-going capital. The former refers to expenditures the new city would have to incur to "get up speed." The operating estimates were based on existing city and Dunwoody would need to purchase or lease land, buildings, and equipment in order to begin providing services for the public. More specifically, the costs include purchasing county-owned parks in Dunwoody, building or leasing facilities to house employees, purchasing or leasing vehicles and major equipment, and paying for the local funding match for scheduled Georgia Department of Transportation road projects. On-going capital represents the estimated cost to replace and maintain buildings, infrastructure, and equipment.

Expenditures for Major Services
The three most expensive services for the City of Dunwoody would be police, parks and recreation and public works. The variance in costs among the scenarios reflects differences in service levels. No one service level is inherently better than other. Rather, they offer an opportunity for citizens in the Dunwoody area to reflect on their service needs and values.

- **Police**
  Comparison Communities: Service levels similar to Duluth, Kennesaw, and Peachtree City at cost of $129 per capita. For Duluth this includes a full-time equivalent department of 72 persons and at least 53 sworn officers. Kennesaw maintains a Police Department with 60 full-time employees while Peachtree City relies on 58 persons (2004 figures, includes communication personnel).
  Benchmark: estimate of 34 to 50 officers at cost equaling between $59 and $86 per capita for annual operating

- **Parks and Recreation**
  Comparison Cities: Service levels similar to Duluth, Kennesaw, and Peachtree City at an average cost of $55 per capita. Parks services range from a high in Peachtree City at nearly $84 per capita ($83.77) to a low in Duluth at $35 per capita. Kennesaw was in between at $46.48. This latter city is very close to the cost estimated for the Enhanced benchmark. See Appendix D parks and recreation amenities for the three comparison cities.
  Benchmark: Comparison cities (national database) basic benchmark cost $26 per capita and enhanced equals $41 per capita

- **Public Works: Road Repair and Maintenance**
  Comparison Cities: Service levels similar to Duluth, Kennesaw, and Peachtree City at cost of $59 per capita.
  Benchmark: Basic benchmark cost equals $40 per capita and the enhanced benchmark is $58 per capita. The basic benchmark uses Hall County costs (in ICMA national database) and the enhanced benchmark relies on average costs from Atlanta Metropolitan counties. The estimates come from maintaining 315.5 lane miles of paved road.

The total expenditures for operating, on-going and start-up capital are summarized below:

- Total annual operating expenditures with the comparison cities methodology equals $14,705,306
- Total annual operating expenditures using the national benchmarks are $8,659,223 and $11,169,348 for the basic and enhanced benchmarks, respectively.
- On-going capital expenditures, which were calculated as a percentage of operating costs, were estimated at between $1,303,683 (enhanced benchmark) and $2,573,429 (comparable cities methodology)
- Start-up capital had a low of $1,968,329 and a high of $2,033,836. The difference between the two figures represented the difference in the number of police vehicles to be purchased.

Revenues
As outlined in the previous chapter, expected revenue is based on the new cities obtaining revenues from:

- The same sources currently available to DeKalb County (based on an application of the same rates of taxation as currently exist for the unincorporated area).

- The new sources available only to city-type governments (based on an application of the same rates as the average of comparable cities). For this report, the new source of revenue would be franchise fees for electricity, telecommunications, and natural gas.

- Under current law, cities in DeKalb County are not entitled to HOST revenue, which makes it very different from the Local Option Sales Tax (LOST) collected in the vast majority of Georgia Counties. Existing cities in DeKalb have interlocal agreements with County over revenue sharing but these parties are currently in court over how the agreements should be interpreted. In 2006 legislative session, a bill was introduced to require the county to share HOST revenues with any new city, which would include Dunwoody. Because of these possible changes in HOST, we calculated revenues for Dunwoody with and without this sales tax. In the former instance, we assumed Dunwoody would receive HOST revenues in proportion to the property tax relief benefit homeowners would receive if they lived in the unincorporated portion of the county.

- Total estimated revenue without HOST equals $14,797,832 while with HOST we estimate that Dunwoody would collect $16,458,190.[63]

Reconciling Revenues and Expenditures

The following tables summarize the expected revenue and expenditures for Dunwoody that have been developed in the preceding chapters based on the principles of a conservative estimation

[63] Annually, using tax and fee rates and collections from 2004.

methodology. The conservative estimation methodology assumes that the new city will need to purchase all the identified capital that is currently used to provide services to citizens and to support the workforce providing those services.

Table 8.1 presents the reconciliation between estimated revenues and expenditures for Dunwoody based on the Georgia Comparison Cities methodology. This methodology reflects the anticipated expenditures Dunwoody would incur if its elected officials made spending choices similar to their respective GA comparison group cities (i.e., offer similar types and levels of services). The table breaks out operational, on-going capital, and start-up capital expenditures. We estimate on-going capital expenditures based on the proportion that capital expenditures represent of operational expenditures in Georgia's cities (see Table 6.21). Start-up capital expenditures are the expenditures that would be necessary were Dunwoody to purchase the parks, a police precinct, and vehicles needed to support the benchmark levels of services. It is likely that there would be some overlap between on-going and start-up capital expenditures. However, there is no way to know in advance how much overlap might exist between On-Going and Start-up Capital Expenditures

Table 8.1: Reconciliation of Estimated Revenues and Operational and Capital Expenditures Based on Comparison Cities Per Capita Figures

	Operational Expenditures	**Operational and On-Going Capital Expenditures**	**Operational and Start-up Capital Expenditures**	**Operational, On-Going, and Start-up Capital Expenditures**
Estimated Expenditures	$374	$439.45	$425.73	$491.18
Total Estimated Revenue **No HOST**	$376.35	$376.35	$376.35	$376.35
Surplus or (Deficit) **No HOST**	**$2.35**	**($63.10)**	**($49.38)**	**($114.83)**
Total Estimated Revenue **w/ HOST**	$418.58	$418.58	$418.58	$418.58
Surplus or (Deficit) **with HOST**	**$44.58**	**($20.87)**	**($7.15)**	**($72.60)**

When the estimated per capita revenue for Dunwoody is reconciled with comparison city per capita expenditures for only operations, the data suggest surpluses ranging from $2.35 to $44.58 without HOST and with HOST revenue, respectively. The "comparison cities" deficit occurs when expenditures for capital are included so that the final difference between no-HOST revenues and total expenditures equals a shortfall of $114.83. This deficit decreases to $72.60 when HOST revenues are added.

It is important to remember that the comparison city methodology relies on spending levels for three existing cities that may be higher or lower than citizens in a potential city of Dunwoody would choose. Like Dunwoody property owners, the property owners in Duluth, Kennesaw, and Peachtree City help to pay for their government through property taxes. Table 8.2 shows the 2004 millage rates for these cities as well as what Dunwoody residents currently pay for urban-type services (special service district). Furthermore, our definition of feasibility assumes no increase in property tax collections which in this instance incorporates property tax reductions from HOST tax relief. The table also includes the gross Assessed Values for the four communities.[64] The per capita property values show Dunwoody as having a substantially larger property tax base than the comparison cities, meaning that Dunwoody can raise more revenue at a lower millage rate, ceteris paribus. The difference in per capita assessed values is likely due to Dunwoody's large commercial property tax base.

Table 8.2: Millage Rates and Assessed Values of Real Property, Dunwoody and Comparison Communities

	Dunwoody	Peachtree City	Kennesaw	Duluth
Millage Rate	2.690	5.283	6.750	5.191
Assessed Value	$2,219,608,702	$1,432,164,096	$721,063,467	$854,627,589
AV Per Capita	$56,451	$43,386	$27,931	$36,065

Table 8.3 presents the differences between estimated revenues and expenditures using our second methodology, benchmark scenarios, which assumes that Dunwoody would offer similar levels of service and attain efficiency standards of our benchmark communities. We recalculate on-going capital costs using the 17.5 percent rate with these operating expenditures (See Table 6.21). However, the enhanced benchmark scenario already includes on-going capital costs for roads and drainage services. To remove this duplication, we delete one-third of the on-going capital costs in the enhanced benchmark scenario, which equals the average amount all Georgia cities spent on roads and drainage capital in 2004.[65] Additionally, the table includes the start-up capital expenditures outlined in Chapter 6. As previously stated, we recognize overlap may exist between start-up and on-going capital costs.

[64] 2004 Digest: only includes real property. GA Department of Revenues Consolidated Tax Digest

[65] Calculation: 1,954,634-(1,954,634/3)= $1,303,089. $1,303,089/39,319=33.14

Table 8.3: Dunwoody Reconciliation of Expected Revenue and Expected Operational and Capital Expenditures Based on Benchmark Per Capita Figures				
	Basic Benchmark Scenario		**Enhanced Benchmark Scenario**	
	Operational Expenditures	**Operational and Start-up and On-going Capital Expenditures**	**Operational Expenditures**	**Operational and Start-up and On-going Capital Expenditures**
Estimated Expenditures	$220.23	$308.76	$284.07	$368.96
Total Estimated Revenue **No HOST**	$376.35	$376.35	$376.35	$376.35
Surplus or (Deficit) **No HOST**	**156.12**	**$67.52**	**$92.28**	**$7.39**
Total Estimated Revenue **w/ HOST**	$418.58	$418.58	$418.58	$418.58
Surplus or (Deficit) **w/ HOST**	**$198.35**	**$109.75**	**$134.51**	**$49.62**

Dunwoody appears to be fiscally viable with respect to the estimate of expenditures from both benchmark scenarios. Under the basic benchmark scenario, Dunwoody would have a substantial per capita surplus, even factoring in on-going and start-up capital costs ($68). That surplus is lessened under the enhanced benchmark scenario but still results in a per capita of $7.39. When HOST revenues are included, the surpluses increase to $109.75 for the basic benchmark scenario and $49.62 for the enhanced benchmark scenario.

Fiscal Impact on DeKalb County

Because we did not study the actual expenditures that DeKalb County devotes to services in the Dunwoody area, we do not have sufficient information to estimate the fiscal impact the incorporation of Dunwoody would have on DeKalb County Government. We can mention several factors that influence whether the impact will be positive or negative however. First, it is important to remember that countywide services and bond payments will not be affected through incorporation. As residents of the County, Dunwoody citizens will continue to pay for countywide services, regardless of incorporation. Secondly, we are assuming that Dunwoody will continue to rely on DeKalb County's fire protection services and will continue to pay taxes to the fire protection tax district after incorporation. Using 2004 as a guide, 82.6 percent of the tax levy would remain with the County (12.79 of the 15.48 total county millage rate). Therefore, the major county services that would be impacted from incorporation are police, parks and recreation, and community development.

Although the County can reduce operational expenditures due to a municipal incorporation, such reducing the number of police officers by the amount assigned to the Dunwoody area, some costs cannot be reduced equivalently. For example, though there are fewer police officers,[66] administrative costs will likely be approximately the same. However, these administrative costs are likely to be small when compared to the larger, direct service costs that can be eliminated. To the extent that some services are self funded and there is a close match between program costs and revenues, the Dunwoody incorporation should have less impact (i.e., Recreation Fund and Development Fund). For parks and recreation, Dunwoody residents will likely continue to participate in the County's fee-based programs as well, reducing the impact on this service.

A critical determination on whether Dunwoody's incorporation will have a negative impact is whether the County continues keep all the HOST revenues generated from Dunwoody residents or whether the County will share HOST revenues with municipalities. If the County does not have to share HOST revenues with municipalities then the County may actually financially benefit from incorporation because it will continue to retain sales tax revenues without having to provide tax relief for which the revenues had been dedicated. We estimate that the HOST benefit to Dunwoody residents for unincorporated services equaled slightly over $1.66 million in 2004.

Finally, the County receives substantial amount of intergovernmental grant revenue for public safety. We are assuming the County will continue to receive this revenue source. To the extent that Police grants were spent in Dunwoody, additional resources would be available in other parts of the area. In other words, there are offsetting factors that influence the potential fiscal impact of the Dunwoody incorporation. We believe that the fiscal impact of incorporation on DeKalb County is an important consideration and worthy of an in-depth evaluation.

[66] Reductions in force, though unfortunate, are a necessary consequence of providing fewer services.

Appendix A
Comparison Communities Government Operations

Government Management Indicators Survey (GOMI)

Year: 2003

Community	Accounts Payable / Receivable	Archiving and Historical Data	Collecting / Maintaining Land Use Data	Geographic Information Systems	Issuing Occupation Tax Certificates	Law Enforcement Records	Court Records	Payroll Preparation	Tax Assessment	Tax Billing	Tax Digest
Peachtree City	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Agreement with other Local Government	Agreement with other Local Government	Agreement with other Local Government

	Voter Registration	Animal Control	Building Inspections	Building Permits	Construction and Code Enforcement	Emergency Medical Services	E911	Fire Protection	Health Screening	Utility Bill Preparation
Peachtree City	Agreement with other Local Government	Agreement with Other Local Governments	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Agreement with Other Local Governments	Direct Government Provision	Service Available, but not through local government	Function Not Provided

	Law Enforcement	Planning	Public Hospital	Public Transit	Senior Citizen Programs	Wastewater Collection	Wastewater Treatment	Water Distribution	Water Supply	Water Treatment
Peachtree City	Direct Government Provision	Direct Government Provision	Service Not Provided	Service Not Provided	Direct Government Provision	Local Government Authority Provision	Local Government Authority Provision	Agreement with Other Local Governments	Agreement with Other Local Governments	Agreement with Other Local Governments

Appendix A: GOMI Survey Results for Selected Communities

Community	Accounts Payable/Receivable	Archiving and Historical Data	Collecting/Maintaining Land Use Data	Geographic Information Systems	Issuing Occupation Tax Certificates	Law Enforcement Records	Court Records	Payroll Preparation	Tax Assessment	Tax Billing	Tax Digest	
Duluth	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Agreement with other Local Government	Direct Government Provision	Agreement with other Local Government	Function Not Provided
Kennesaw	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Direct Government Provision	Agreement with other Local Government	Agreement with other Local Government	Agreement with other Local Government	Direct Government Provision

Community	Voter Registration	Animal Control	Building Inspections	Building Permits	Construction and Code Enforcement	Emergency Medical Services	E911	Fire Protection	Health Screening	Jail
Duluth	Agreement with other Local Government	Agreement with Other Local Governments	Direct Government Provision	Direct Government Provision	Direct Government Provision	Service Available, but not through local government	Agreement with Other Local Governments	Agreement with Other Local Governments	Service Available, but not through local government	Agreement with Other Local Governments
Kennesaw	Agreement with other Local Government	Agreement with Other Local Governments	Direct Government Provision	Direct Government Provision	Direct Government Provision	Contract with Private Corporation	Direct Government Provision	Service Available, but not through local government	Service Available, but not through local government	Direct Government Provision

Appendix A: GOMI Survey Results for Selected Communities

Community	Law Enforcement	Planning	Public Hospital	Public Transit	Senior Citizen Programs	Wastewater Collection	Wastewater Treatment	Water Distribution	Water Supply	Water Treatment
Duluth	Direct Government Provision	Direct Government Provision	Service Available, but not through local government	Service Not Provided	Direct Government Provision	Agreement with Other Local Governments	Agreement with Other Local Governments	Agreement with Other Local Governments	Agreement with Other Local Governments	Agreement with Other Local Governments
Kennesaw	Direct Government Provision	Direct Government Provision	Service Available, but not through local government	Service Available, but not through local government	Service Available, but not through local government	Direct Government Provision	Agreement with Other Local Governments	Direct Government Provision	Agreement with Other Local Governments	Agreement with Other Local Governments

Appendix B
Police Salary Data for Comparison Communities

Year	Community	Population	Position	Starting Salary	Maximum Salary	Hr. per Week	Number Employed
2004	Roswell	78,229	Patrol Officer, Police Department	33,134	49,712	40	40
2004	Roswell	78,229	Investigator/ Detective, Police Department	35,859	53,789	40	16
2004	Roswell	78,229	Sergeant, Police Department	39,936	59,904	40	15
2004	Roswell	78,229	Captain, Police Department	51,501	77,251	40	1
2004	Roswell	78,229	Lieutenant, Police Department	46,738	70,117	40	5
2004	Roswell	78,229	Major, Police Department	56,950	85,405	40	5
2003	Roswell	79,031	Chief, Police Department	62,421	90,022	40	1

Year	Community	Population	Position	Starting Salary	Maximum Salary	Hr. per Week	Number Employed
2005	Peachtree City	33,810	Captain, Police Department	51,707	82,662	40	4
2005	Peachtree City	33,810	Corporal, Police Department	34,831	55,683	40	26
2005	Peachtree City	33,810	Sergeant, Police Department	38,447	61,464	40	10
2005	Peachtree City	33,810	Lieutenant, Police Department	42,439	67,844	40	5
2005	Peachtree City	33,810	Major, Police Department	54,325	86,847	40	1
2005	Peachtree City	33,810	Patrol Officer, Police Department	31,555	50,446	40	6

Year	Community	Population	Position	Starting Salary	Maximum Salary	Hr. per Week	Number Employed
2005	Kennesaw	27,433	Assistant Chief, Police Department	45,198	83,512	40	1
2005	Kennesaw	27,433	Captain, Police Department	44,928	82,971	40	1
2005	Kennesaw	27,433	Chief, Police Department	51,522	95,160	40	1
2004	Kennesaw	25,816	Corporal, Police Department	36,130	66,685	43	1
2005	Kennesaw	27,433	Investigator/Detective, Police	36,130	66,685	43	4
2005	Kennesaw	27,433	Lieutenant, Police Department	39,853	73,549	43	3
2005	Kennesaw	27,433	Major, Police Department	45,198	83,512	40	1
2005	Kennesaw	27,433	Sergeant, Police Department	36,130	66,685	43	7

Year	Community	Population	Position	Starting Salary	Maximum Salary	Hr. per Week	Number Employed
2005	Duluth	24,255	Assistant Chief, Police Department	51,977	77,387	40	1
2005	Duluth	24,255	Captain, Police Department	44,900	66,850	40	2
2005	Duluth	24,255	Chief, Police Department	60,170	89,585	40	1
2005	Duluth	24,255	Corporal, Police Department	35,180	52,378	40	4
2005	Duluth	24,255	Lieutenant, Police Department	40,725	60,635	40	2
2005	Duluth	24,255	Major, Police Department	49,502	73,702	40	1
2005	Duluth	24,255	Patrol Officer, Police Department	31,909	47,509	40	33
2005	Duluth	24,255	Sergeant, Police Department	36,939	54,997	40	8

Appendix C
Comparison Cities Operating and Capital Expenditures

Per Capita Expenditures for Operating and Capital All Georgia Cities, FY 2004		
Spending Category	**Operating**	**Capital**
General Admin	68.07	7.63
Financial Administration	24.82	1.11
Tax commissioner	1.23	0.04
General Govt. Buildings	12.51	7.69
Building Inspection & Regulation	13.76	0.58
Clerk of courts	1.22	0.01
Municipal Court	16.02	0.15
Police Department	180.38	10.23
Jail	22.21	0.51
Highways and Streets	64.57	31.92
Parks and Recreation	49.02	19.03
Natural Resources	0.33	0.74
Community Development	23.96	4.98
Drainage	4.24	7.23
Insurance	13.59	0
Legal Fees and Insurance	3.24	0.03
Other Expenditures	59.71	5.89
Total Expenditures	**$558.88**	**$97.77**

Appendix D
Comparison Cities and Dunwoody Parks and Recreation Assets[67]

Acres of Parkland in Dunwoody and Comparison Cities				
	Dunwoody	**Peachtree City**	**Kennesaw**	**Duluth**
Acres/1,000 People	3.8	6.1	4.1	6.2

Peachtree City: 14 Parks

Amenities: staffed Senior Center, 2 facilities with classrooms, 6 swimming pools, skateboard park with half pipe, kitchen, horseshoe pit, BMX bike racing track, 2 indoor basketball courts, outdoor basketball, 2 volleyball courts, 11 facilities with restrooms, roller hockey rink, lacrosse field, 9 soccer fields, 13 baseball fields (8 lighted), 7 lighted softball fields, 6 facilities with concession stands, 6-lane running track, picnic areas, 2 tennis courts, gazebo, lighted football field, and playgrounds.

Kennesaw: 16 Parks & 3 Indoor Recreation Facilities

Amenities: 14 lighted ball fields, 3 lighted soccer fields, 2 lighted tennis courts, picnic areas with pavilions, playgrounds, and three indoor recreation facilities.

Duluth: 6 Parks

Amenities: softball/baseball and football fields, tennis and basketball courts, over 45 acres of soccer fields, community activity building, senior programs, playgrounds, bike paths, walking trails, grill and picnic areas, pavilions, decks overlooking water, large green spaces for festivals, and restrooms.

Dunwoody: 3 Parks, 2 Recreational Facilities

148 Acres Parkland
12,194 Sq. Ft. Facility Space

Amenities: 2 playgrounds, picnic areas, nature trails, 2 unlighted tennis courts, 2 baseball fields (lighted), one restroom, one concession stand, dog park, theatre, and classroom

[67] Comparison cities information comes from research done by Citizens for Dunwoody, Inc.